

VOLUNTEER RESOURCE GUIDE



FOR USE IN IRS VOLUNTEER PROGRAMS

- **Volunteer Income Tax Assistance (VITA)**
- **Tax Counseling for the Elderly (TCE)**

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The IRS Mission



“Provide America’s taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.”

Pending Legislation

At the time this publication went to print the Working Families Tax Relief Act of 2004 passed both the House and Senate and was awaiting signature by the President. The training material includes draft tax forms that did not take the proposed legislation into account. Therefore, the legislation may cause Form 1040, Form 1040A, Form 8812, child tax credit worksheets and EIC worksheets to change. Additional guidance will be issued if the legislation passes.

The following is a synopsis of those portions of the bill with impact on tax year 2004 returns.

- **Child Tax Credit.** The child tax credit will be refundable to the extent of 15-percent of the taxpayer’s earned income in excess of \$10,750. This will cause Form 8812, Additional Child Tax Credit, to be revised for tax year 2004.
 - **Inclusion of combat pay as earned income.** Military members will be permitted to include combat pay as earned income for purposes of calculating the child tax credit. They may also elect to include combat pay for purposes of EIC. This may cause EIC and child tax credit worksheets to be revised for tax year 2004.
 - **Educator expenses.** The above the line deduction for educator expenses is extended until December 31, 2005. This may cause Form 1040 and Form 1040A to be revised for tax year 2004.
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Confidentiality Statement:

All tax information you receive from taxpayers in your VOLUNTEER capacity is strictly confidential and should not, under any circumstances, be disclosed to unauthorized individuals.

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Quality Review Checklist

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How to Use This Guide

Publication 4012 is intended to be used as a reference guide (desk guide) by both paper and electronic return preparers. The guide is divided into two sections. The first section contains tax preparation reference material for paper filers and decision charts for both paper and electronic filers. The second section contains step by step procedures for electronic return preparers using TaxWise software. Both sections are organized to follow the flow of Form 1040.

Refer to Publication 3189, Volunteer e-file Administrators Handbook, for electronic filing administrative procedures.

Caution:

1. Not all forms are authorized for all volunteer programs. Those forms intended specifically for the military VITA program will be annotated as such. Volunteers should only prepare tax returns for the issues they were certified on.
2. Some screenshots may not be updated for 2004 tax law. Generally, the screens depicted mirror the 2004 version. However, there are some instances where there are embedded references to tax years 2002 and 2003.

“Who Must File” Filing Requirements for Most People

If your filing status is...	AND at the end of 2004 you were*	THEN file a return if your gross income** was at least...
Single	Under 65 65 or older	\$7,950 9,150
Married filing jointly***	under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)	\$15,900 16,850 17,800
Married filing separately	Any age	\$3,100 ***
Head of household	Under 65 65 or older	\$10,250 11,450
Qualifying Widow(er) with dependent child	Under 65 65 or older	\$12,800 13,750
<p>* If you were born on January 1, 1940, you are considered to be age 65 at the end of 2004.</p> <p>** Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax including any income from sources outside the United States (even if you may exclude part or all of it). Do not include social security benefits unless you are married filing a separate return and you lived with your spouse at any time in 2004.</p> <p>*** If you did not live with your spouse at the end of 2004 (or on the date your spouse died) and your gross income was at least \$3100, you must file a return regardless of your age.</p>		

“Who Must File” Filing Requirements in Special Situations

Self-employed taxpayers must file if net earnings are \$400 or more.

Dependent — single and under 65 (most students)

You must file a return if **any** of the following apply:

- Your **unearned income** was over \$750.
- Your **earned income** was over \$4,850.
- Your **gross income** was more than the **larger** of —
 - \$750, or
 - Your earned income (up to \$4,600) plus \$250.

Dependent — 65 or older, blind or married — See Publication 17 or Form 1040 series instruction booklets.

Advanced earned income credit recipients who have an amount in Box 9 of their Form W-2 forms.

Owe Special Taxes — See Publication 17, Filing Information, or Form 1040 series instruction booklets.

Wages of \$108.28 or more from a church or qualified church-controlled organization that is exempt from employer social security and Medicare taxes — See Publication 533, Self-Employment Tax.

Gross Income

The following are examples of income items to consider in determining whether a return must be filed. You must include in income:

Alimony	Hobby income
Annuities	Interest
Awards	IRA distributions
Back pay	Jury duty fees
Bonuses	Military pay (not exempt from taxation)
Breach of Contract	Military pension
Business income	Notary fees
Commissions	Partnership income (taxpayer's share)
Compensations for personal services	Pensions
Debts forgiven	Prizes
Director's fees	Railroad Retirement—Tier II
Disability benefits (employer-funded)	Rents (gross rent)
Discounts	Rewards
Dividends	Salaries
Employee awards	Scholarships and Grants
Employee bonuses	Severance pay
Estate and Trust income	Social Security payment (portion may be taxable)
Farm income	Supplemental unemployment benefits
Fees	Tips and gratuities
Gains from sale of property or securities	Unemployment compensation Wages
Royalties	
Gambling winnings	

The following are examples of income items to exclude in determining whether a return must be filed.

You may exclude from income:

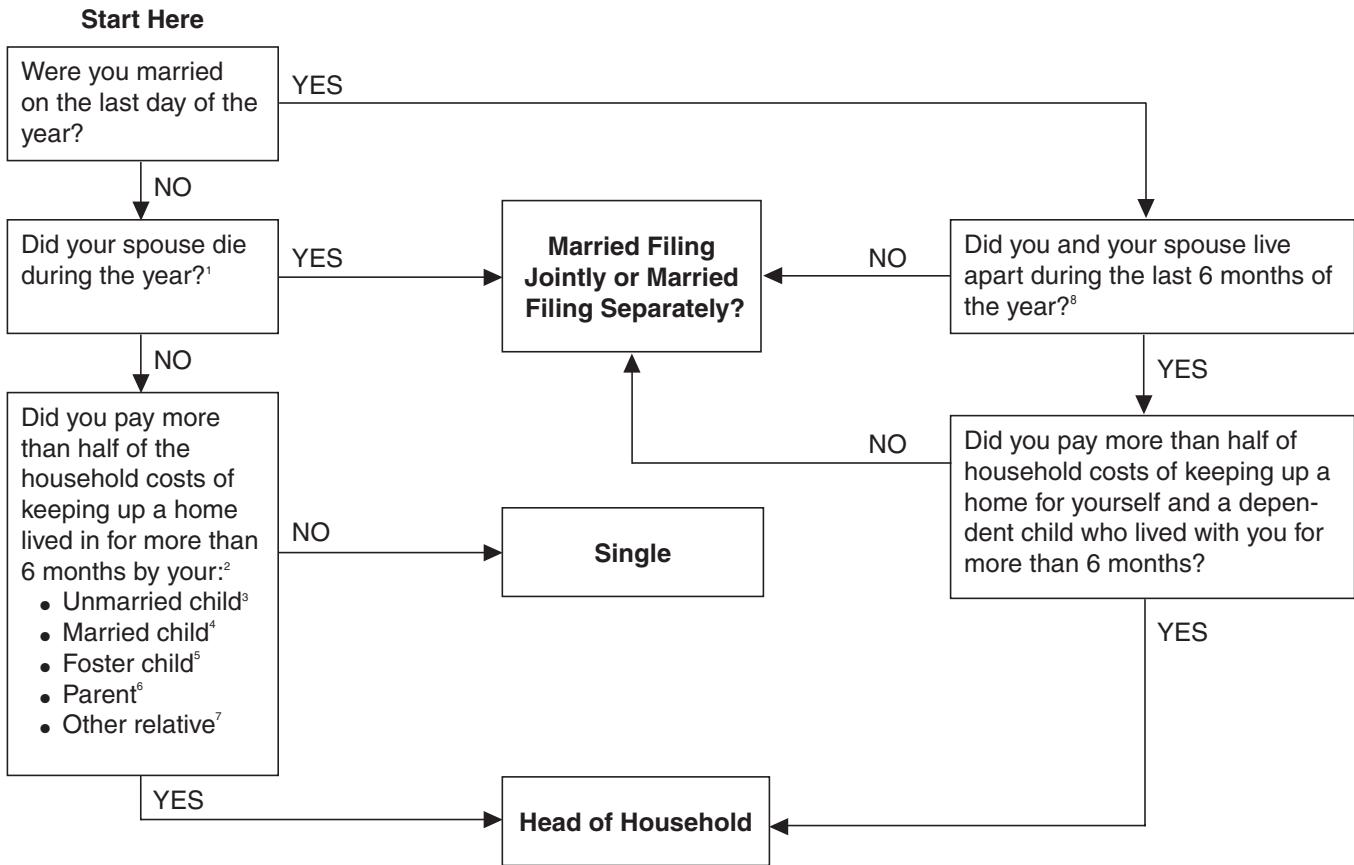
Child support	Meals and lodging for the convenience of employer
Death payments	Payments to the beneficiary of a deceased employee
Federal Employees' Compensation Act payments	Relocation payments or payments in lieu of worker's compensation
Damages for physical injury (other than punitive)	Rental allowance of clergyman
Gifts, bequests and inheritances	Sickness and injury payments
Insurance proceeds <ul style="list-style-type: none">■ Accident■ Casualty■ Health■ Life	Veterans' benefits
Interest on tax-free securities	Welfare payments (including TANF)
	Worker's compensation and similar payments

Which Form Should I Use?

(TaxWise users should always use Form 1040)

	Filing Status	Exemptions	Income Sources	Taxable Income	Adjustments	Deductions	Tax Credits
Form 1040EZ	Single or Married Filing Jointly	Personal Exemptions only – No dependents	Wages, salaries, tips, taxable scholarship or fellowship grants, unemployment compensation, or Alaska Permanent Fund Dividends, and taxable interest not over \$1,500	Line 6 is less than \$100,000	None	Standard deduction only Taxpayer and spouse, if filing a joint return, must both be under the age of 65 and not blind at the end of 2003.	Did not receive Advance EITC and eligible for EITC without a qualifying child
Form 1040A	Any	Personal and Dependent Exemptions	Wages, salaries, tips, interest, ordinary dividends, capital gain distributions, taxable scholarship or fellowship grants, pensions, annuities, IRAs, unemployment compensation, taxable social security and railroad retirement benefits, and Alaska Permanent Fund dividends	Line 27 is less than \$100,000	Educator expenses, IRA deduction, student loan interest deduction, and tuition and fees deduction	Standard deduction only	Child tax credit, additional child tax credit, education credits, earned income credit, credit for child and dependent care expenses, credit for the elderly or disabled, adoption credit or retirement savings contributions credit
Form 1040	Any	Personal and Dependent Exemptions	Same as Form 1040A plus income from self-employment, certain tips, non-taxable distributions required to be reported as capital gains.	Line 42 is any amount	Any adjustment on lines 23 through 33	Standard or itemized deductions	Same as Form 1040A plus health coverage tax credit, foreign tax credit, mortgage interest credit, and other credits on lines 51 and 52

Determination of Filing Status



¹ If you paid over half of household costs for a dependent child, you can file as Qualifying Widow(er) for 2 years after the death of your spouse.

² See Pub. 17, *Filing Status*, for rules applying to birth, death, or temporary absence during the year.

³ An unmarried child includes grandchild, stepchild, or adopted child.

⁴ A married child includes grandchild, stepchild, or adopted child, but the child is not a qualifying person unless you can claim an exemption for the child. If you could claim an exemption for the child, except that the child's other parent claims the exemption under the special rules for a noncustodial parent, then the child is a qualifying person.

⁵ A foster child must live with you for the entire year, and you must be able to claim an exemption for the individual.

⁶ A parent does not have to live with you if you paid more than half the cost of keeping up their main home for the entire year, but you must be able to claim an exemption for the parent.

⁷ Other relatives include grandparent, brother, sister, stepbrother, stepsister, half brother, half sister, stepmother, stepfather, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law and, if related by blood, uncle, aunt, nephew, or niece. You must be able to claim an exemption for any of these individuals. A qualifying person must be a person on this list.

⁸ Military deployment/TDY is a temporary absence and he/she is considered to have lived in your home.

INTERVIEW TIPS



Filing Status

Probe/Action: Ask the taxpayer:

Step 1: Were you considered married as a legal union between a man and a woman as husband and wife on December 31 st of the tax year (answer yes if state common law rules met)?	If YES , go to Step 2. If NO , go to Step 5.
Step 2: Do you and your spouse wish to file a joint return?	If YES , STOP. Your filing status is Married Filing Jointly . If NO , go to Step 3.
Step 3: Did you have a child living in your home during the tax year?	If YES , go to Step 4. If NO , STOP. Your filing status is Married Filing Separately .
Step 4: Can you be considered unmarried? <ul style="list-style-type: none"> ■ You file a separate return ■ Paid more than half the cost of keeping up a main home ■ Your spouse did not live in your home during the last 6 months (including temporary absences) of the tax year ■ Your home was the main home of your child, stepchild, or adopted child for more than half the year or was the main home of your foster child for the entire year ■ You must be able to claim an exemption for the child (Exception—non-custodial parent correctly claims exemption) 	If YES , STOP. Your filing status is Head of Household . If NO , STOP. Your filing status is Married Filing Separately .
Step 5: Did your spouse die in 2002 or 2003?	If YES , go to Step 6. If NO , go to Step 7.
Step 6: Can you be considered a qualifying widow(er) with a dependent child? <ul style="list-style-type: none"> ■ You were entitled to file a joint return with your spouse for the year your spouse died ■ You did not remarry before the end of this tax year ■ You have a dependent child you can claim as an exemption ■ You paid more than half the cost of keeping up a main home for you and that child for the entire year 	If YES , STOP. Your filing status is Qualifying Widow(er) with Dependent Child . If NO , go to Step 7.
Step 7: Do you have a qualifying person for Head of Household Filing status? <ul style="list-style-type: none"> ■ You paid more than half the cost of keeping up a main home ■ A qualifying person* lived with you more than half the year (Exception for dependent parent, foster child, and kidnapped child) 	If YES , STOP. Your filing status is Head of Household . If NO , STOP. Your filing status is Single .

*Grandparent, brother, sister, stepbrother, stepsister, half brother, half sister, stepmother, stepfather, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law AND (if related by blood) uncle or aunt, nephew or niece. (A qualifying person must be a person on this list.)

Personal Exemptions

Exemption Amounts: The exemption amount is indexed for inflation and generally changes every year. The exemption amount for 2004 is \$3,100.

The Taxpayer: Each taxpayer is entitled to claim a personal exemption for himself or herself.

Exception: The taxpayer cannot claim an exemption for himself or herself if he or she can be claimed as a dependent on another person's tax return. This is true even if the other person chooses not to claim the taxpayer as a dependent.

The Spouse: If the taxpayer's spouse can be claimed as a dependent on another person's tax return, the taxpayer cannot claim the spouse's exemption on his or her return.

To claim an exemption for a spouse, the taxpayers must be married by December 31, the last day of the year.

If the taxpayer's spouse died during the year and the taxpayer did not remarry by December 31, the taxpayer can claim the personal exemption for the deceased spouse.

Exception: If the taxpayer was divorced or legally separated from his or her spouse on the date of death, the taxpayer cannot claim the spouse's exemption.

2004 Exemption Chart

\$3,100	X	1	=	\$ 3,100
\$3,100	X	2	=	\$ 6,200
\$3,100	X	3	=	\$ 9,300
\$3,100	X	4	=	\$12,400
\$3,100	X	5	=	\$15,500

INTERVIEW TIPS

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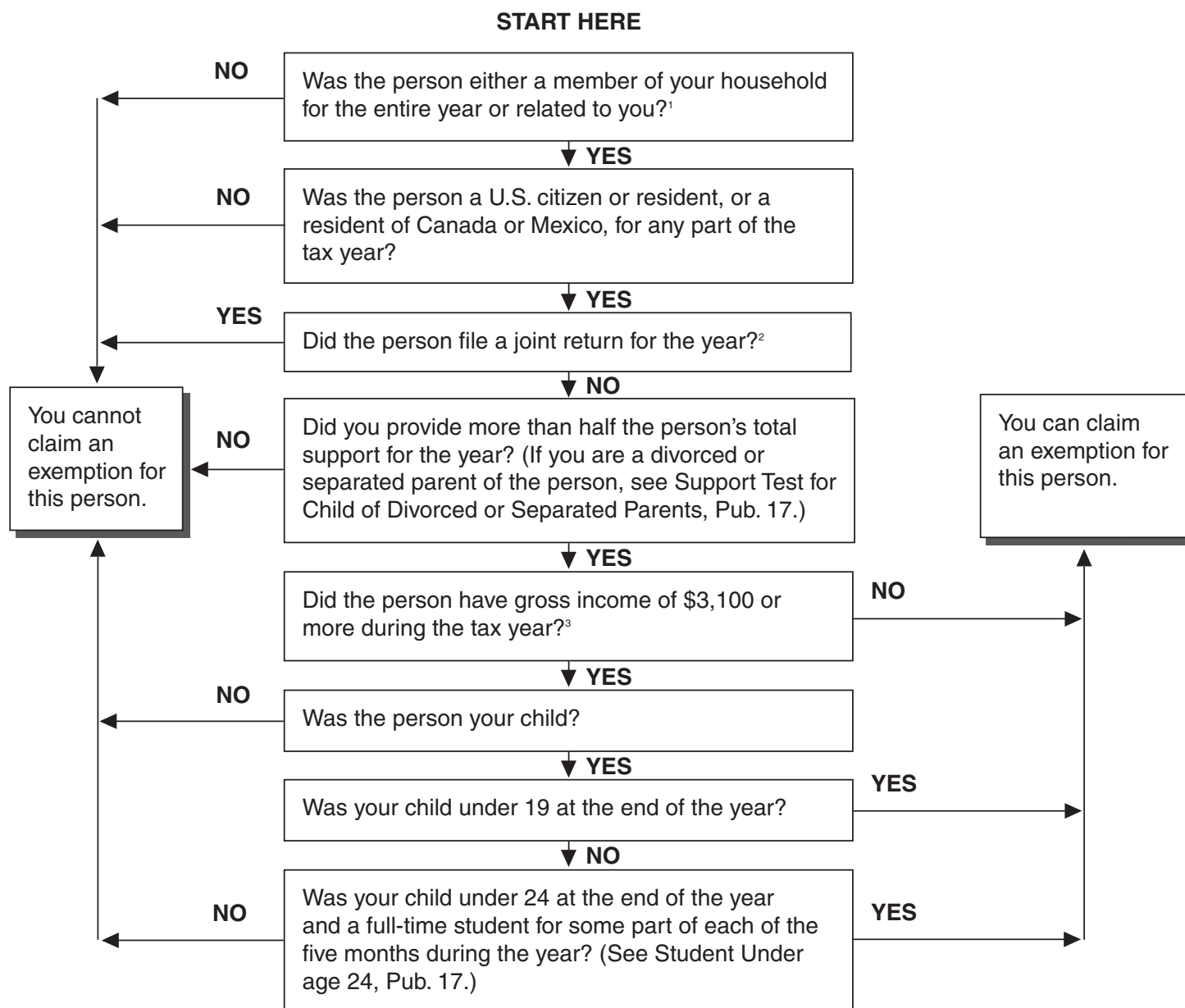
Personal Exemptions

Probe/Action: Ask the taxpayer:

Step 1: Were you married during any part of the tax year (answer yes if state common law rules met)?	If YES , go to Step 2. If NO , go to Step 7.
Step 2: Were you married on December 31 st of the tax year?	If YES , go to Step 5. If NO , go to Step 3.
Step 3: Did you obtain a final decree of divorce or separate maintenance by December 31 st of the tax year?	If YES , you cannot claim a personal exemption for your former spouse. Go to Step 7. If NO , go to Step 4.
Step 4: Did your spouse (or you, the taxpayer, if this is a final return for the deceased) die during the tax year?	If YES , go to Step 5. If NO , go back through Steps 1–3 and clarify answers that brought you to Step 4. Explain abandonment does not change marital status but might affect filing status.
Step 5: Are you filing a joint tax return?	If YES , go to Step 7. If NO , go to Step 6.
Step 6: Did your spouse have income and/or can anyone else claim your spouse as a dependent?	If YES , you cannot claim a personal exemption for your spouse. Go to Step 7 to see about your own personal exemption. If NO , you can claim a personal exemption for your spouse.
Step 7: Can anyone meet all five dependency tests to claim you, and/or your spouse if you answered yes to Steps 1 and 2 above, as a dependent?	If YES , you cannot claim a personal exemption for yourself, and/or spouse, if someone else can claim you as a dependent, even if the other person does not claim a dependency exemption for you or your spouse. If NO , you can claim your personal exemption.

Dependents/ Exemptions

Can You Claim an Exemption for a Dependent?



¹ If the person was your legally adopted child and lived in your home as a member of your household for the entire year, answer “yes” to this question. A qualifying relative must be one of the following: Your child, or descendant of your child; your stepchild; your brother, sister, half brother, half sister, stepbrother, or stepsister; your parent, grandparent, or other direct ancestor; your stepfather or stepmother; a brother or sister of your father or mother; a son or daughter of your brother or sister; or your father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law.

² If neither the person nor the person’s spouse is required to file a return, but they file a joint return only to claim a refund of tax withheld, answer “no” to this question.

³ Gross income for this purpose does not include income received by a permanently disabled individual at a sheltered workshop.

INTERVIEW TIPS



Member of Household or Relationship Test

Probe/Action: Ask the taxpayer:

Step 1: Did the person live with you as a member of your household for the entire year?	(Answer yes if your child died in the tax year.) If YES , the Member of Household or Relationship Test is met. Proceed to the next test— Citizen or Resident Test . If NO , go to Step 2.
Step 2: Is the person a qualifying relative? Child or descendant of child, child of your brother or sister, stepchild, brother, sister, half brother, half sister, stepbrother stepsister, parent, grandparent, or other direct ancestor, stepmother or stepfather, brother or sister of your father or mother, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law	(Answer yes if legal adoption for your child was finalized on or before December 31 or if the adoption is not yet final, but the child was placed with you for legal adoption by an authorized placement agency.) If YES , the Member of Household or Relationship Test is met. Proceed to the next test— Citizen or Resident Test . If NO , STOP. You cannot claim this person as a dependent.

INTERVIEW TIPS



Citizen or Resident Test

Probe/Action: Ask the taxpayer:

Step 1: Is the person a US citizen or resident, or a resident of Canada or Mexico, for any part of the year?	If YES , the Citizen or Resident Test is met. Proceed to the next test— The Joint Return Test . If NO , STOP. You cannot claim this person as a dependent.
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INTERVIEW TIPS



The Joint Return Test

Probe/Action: Ask the taxpayer:

Step 1: Did the person file a joint return for the year?	<p>If YES, go to Step 2.</p> <p>If NO, the Joint Return Test does not apply. Proceed to the next test—The Gross Income Test.</p>
Step 2: Was a joint return filed by the dependent and his/her spouse merely as a claim for refund and no tax liability would exist for either spouse on separate returns?	<p>If YES, the Joint Return Test does not apply. Proceed to the next test—The Gross Income Test.</p> <p>If NO, STOP. You cannot claim this person as a dependent.</p>

INTERVIEW TIPS



The Gross Income Test

Probe/Action: Ask the taxpayer:

Step 1: Did the person have gross income of \$3,100 or more during the year?	<p>If YES, go to Step 2.</p> <p>If NO, the Gross Income Test does not apply. Proceed to the next test—The Support Test.</p>
Step 2: Was the person your child?	<p>If YES, go to Step 3.</p> <p>If NO, STOP. You cannot claim this person as a dependent.</p>
Step 3: Was your child under age 19 at the end of the year?	<p>If YES, the Gross Income Test does not apply. Proceed to the next test—The Support Test.</p> <p>If NO, go to Step 4.</p>
Step 4: Was the child under age 24 at the end of the year and a full-time student for some part of each of the five months during the year?	<p>If YES, the Gross Income Test does not apply. Proceed to the next test—The Support Test.</p> <p>If NO, STOP. You cannot claim this person as a dependent.</p>

INTERVIEW TIPS



The Support Test

Probe/Action: Ask the taxpayer:

TABLE 1 Test for Support by Taxpayers Not Divorced or Separated

Step 1: Did you provide more than half the person's total support for the year?	If YES , the person meets the Support Test and qualifies as a dependent since all 5 tests are either met or do not apply. If NO , go to Step 2.
Step 2: Did another person provide more than half the person's total support?	If YES , STOP. You cannot claim this person as a dependent. If NO , go to Step 3.
Step 3: Did 2 or more people together provide more than half the person's total support?	If YES , go to Step 4. If NO , STOP. No one can claim this person as a dependent.
Step 4: Did you provide more than 10% of the person's total support for the year?	If YES , go to Step 5. If NO , STOP. You cannot claim this person as a dependent.
Step 5: Did the people providing at least 10% of the person's total support for the year provide you with a signed statement agreeing not to claim the exemption?	If YES , the person meets the Support Test and qualifies as a dependent since all 5 tests are either met or do not apply. If NO , STOP. You cannot claim this person as a dependent.

TABLE 2 Test for Support of Child by Divorced or Separated Taxpayers

Step 6: Were the parents of the child ever married?	If YES , go to Step 7. If NO , use TABLE 1, Test for Support by Taxpayers Not Divorced or Separated . Go to Step 1.
Step 7: Were the parents divorced or legally separated, separated under a written agreement, or did they live apart the last 6 months of the year?	If YES , go to Step 8. If NO , use TABLE 1, Test for Support by Taxpayers Not Divorced or Separated . Go to Step 1.
Step 8: Did one or both parents provide more than half the child's total support?	If YES , go to Step 9. If NO , use TABLE 1, Test for Support by Taxpayers Not Divorced or Separated . Go to Step 1.
Step 9: Did one or both parents have custody of the child for more than half the calendar year?	If YES , go to Step 10. If NO , use TABLE 1, Test for Support by Taxpayers Not Divorced or Separated . Go to Step 1.
Step 10: Did you have custody of the child for more than half the calendar year?	If YES , go to Step 11. If NO , go to Step 12.
Step 11: Did you sign a Form 8332 or similar statement releasing the exemption?	If YES , STOP. You cannot claim this person as a dependent. If NO , the person meets the Support Test and qualifies as a dependent since all 5 tests are either met or do not apply.
Step 12: Did the custodial parent provide you with a signed Form 8332 or similar statement releasing the exemption?	If YES , the person meets the Support Test and qualifies as a dependent since all 5 tests are either met or do not apply. If NO , STOP. You cannot claim this person as a dependent.

Support Test for Children of Divorced or Separated Parents

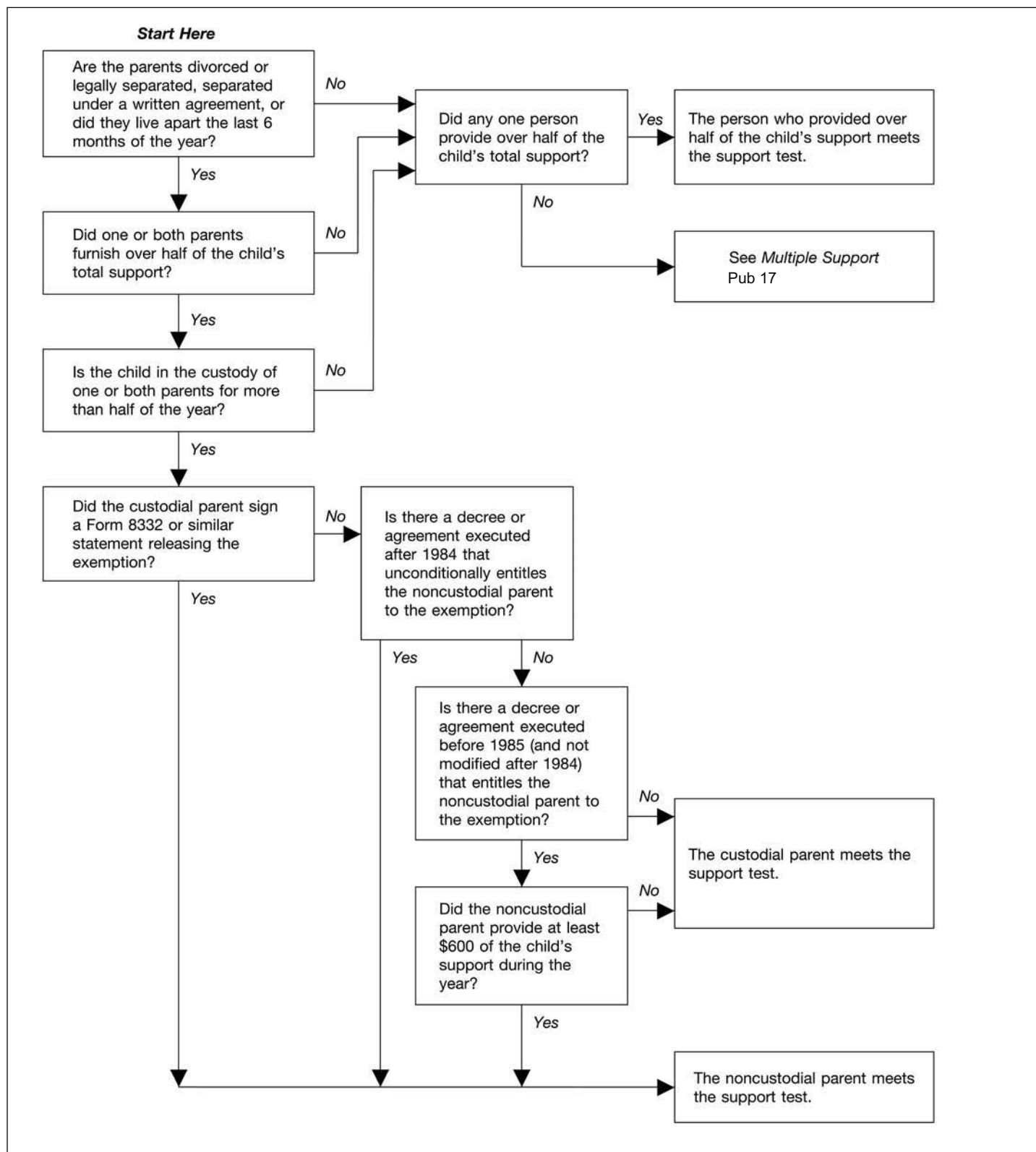


Exhibit 1. Standard Deduction Chart for Most People*

If Your Filing Status is:	Your Standard Deduction is:
Single	\$4,850
Married filing joint return or Qualifying widow(er) with dependent child	9,700
Married filing separate return	4,850
Head of household	7,150

*Do not use this chart if you were 65 or older or blind, or if someone else can claim an exemption for you (or your spouse if married filing jointly). Use Exhibit 2 or Exhibit 3 instead.

Exhibit 2. Standard Deduction Chart for People Age 65 or Older or Blind*

Check the correct number of boxes below. Then go to the chart. You 65 or older <input type="checkbox"/> Blind <input type="checkbox"/> Your spouse, if claiming 65 or older <input type="checkbox"/> Blind <input type="checkbox"/> spouse's exemption Total number of boxes you checked <input type="checkbox"/>		
If Your Filing Status is:	And the Number in the Box Above is:	Your Standard Deduction is:
Single	1	\$6,050
	2	7,250
Married filing joint return or Qualifying widow(er) with dependent child	1	10,650
	2	11,600
	3	12,550
	4	13,500
Married filing separate return	1	5,800
	2	6,750
	3	7,700
	4	8,650
Head of household	1	8,350
	2	9,550

*If someone can claim an exemption for you (or your spouse if married filing jointly), use Exhibit 3, instead.



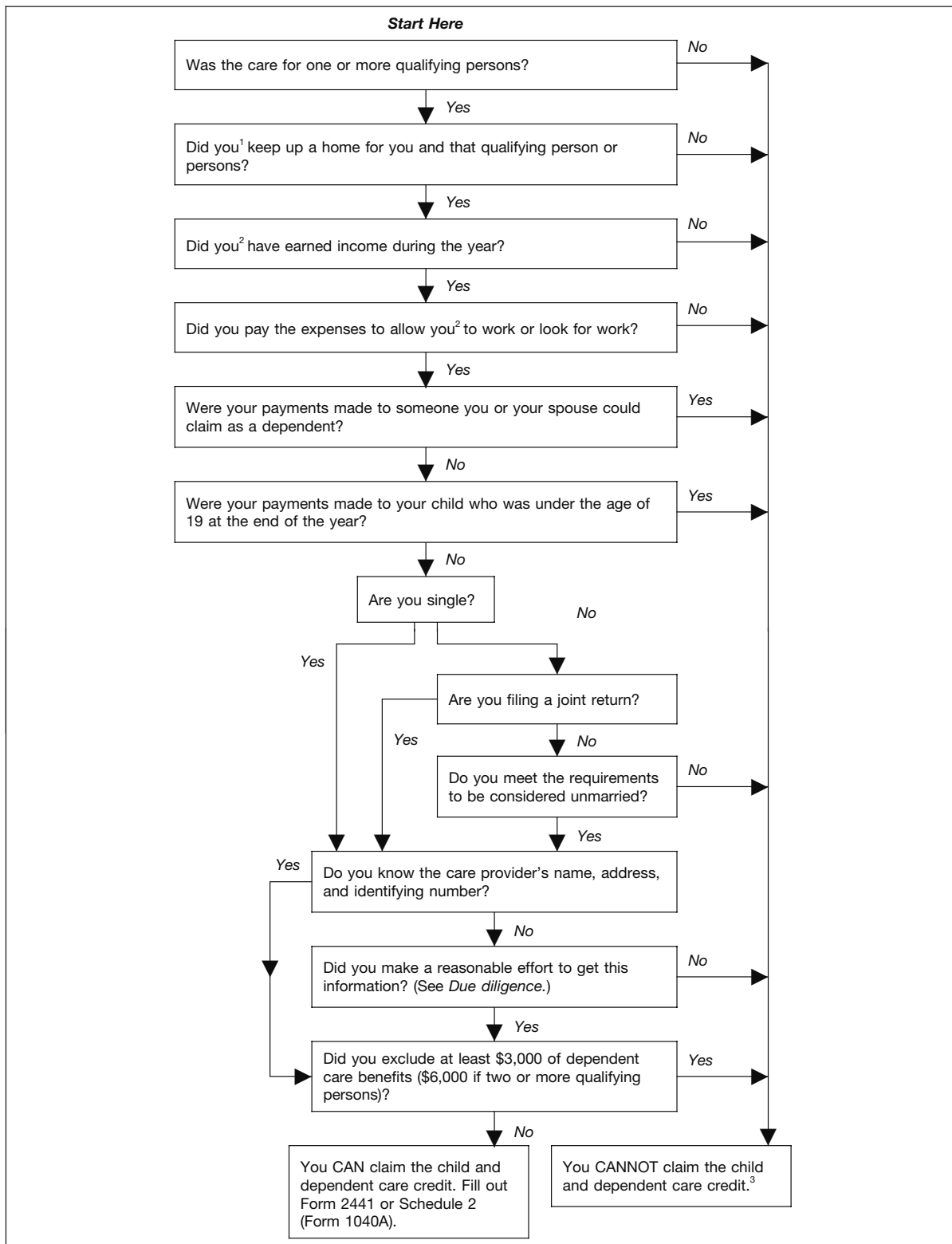
If you are married filling a separate return and your spouse itemizes deductions, or if you are a dual-status alien, you cannot take the standard deduction even if you were 65 or older or blind.

Exhibit 3. **Standard Deduction Worksheet for Dependents***

If you were 65 or older or blind, check the correct number of boxes below. Then go to the worksheet.	
You	65 or older <input type="checkbox"/> Blind <input type="checkbox"/>
Your spouse, if claiming spouse's exemption	65 or older <input type="checkbox"/> Blind <input type="checkbox"/>
Total number of boxes you checked <input type="checkbox"/>	
1. Enter your earned income (defined below). If none, enter -0-.	1. _____
2. Additional amount	2. <u>\$250</u>
3. Add lines 1 and 2.	3. _____
4. Minimum amount.	4. <u>\$800</u>
5. Enter the larger of line 3 or line 4.	5. _____
6. Enter the amount shown below for your filing status. <ul style="list-style-type: none">• Single or Married filing separately—\$4,850• Married filing jointly or Qualifying widow(er) with dependent child—\$9,700• Head of household—\$7,150	6. _____
7. Standard deduction. <ul style="list-style-type: none">a. Enter the smaller of line 5 or line 6. If under 65 and not blind, stop here. This is your standard deduction. Otherwise, go on to line 7b.b. If 65 or older or blind, multiply \$1,200 (\$950 if married or qualifying widow(er) with dependent child) by the number in the box above.c. Add lines 7a and 7b. This is your standard deduction for 2004.	7a. _____ 7b. _____ 7c. _____
<i>Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income.</i>	

*Use this worksheet only if someone else can claim an exemption for you (or your spouse if married filing jointly).

Can You Claim the Credit for Child and Dependent Care Expenses?



¹This includes your spouse if you were married.

²This also applies to your spouse, unless your spouse was disabled or a full-time student.

³See Expenses not paid until the following year under How To Figure the Credit.

If you had expenses that met the requirements for 2003, except that you did not pay them until 2004, you may be able to claim those expenses in 2004.

Credit for Child and Dependent Care Expenses

Qualifying Person

- A child that is under the age of 13 when the expenses were incurred and for whom a dependency exemption can be claimed,
- A dependent (or a person who could be claimed as a dependent if his or her gross income had been less than the personal exemption amount) who is physically or mentally incapable of self-care,
- A spouse who is physically or mentally incapable of self-care.

Special rules apply if the parents are divorced or separated. (see Pub 17)

Qualified Expenses

- Expenses must be paid, for the care of a qualifying person, to allow the taxpayer to work or look for work.
- Cannot include expenses paid while the taxpayer is off work because of illness.
- Main purpose of expenses must be for the qualifying person's well being and protection.

Credit for the Elderly or Disabled

— Form 1040, attach Schedule R

— Form 1040A, attach Schedule 3

A person may be eligible if:

1. 65 or older or;
2. Under 65 and retired on *permanent and total* disability and receives taxable disability income.

A person is not eligible if:

Filing status is	AND	Non-taxable income (Social Security, Tier 1 railroad retirement, and other nontaxable pensions) is equal to or more than...	OR	AGI is equal to or more than...
Single, Qualifying Widow/er Head of Household		\$5,000*		\$17,500**
Married, filing separate***		\$3,750		\$12,500
Married, filing joint				
— one spouse qualifies		\$5,000		\$20,000
— both spouses qualify		\$7,500		\$25,000

* Qualified taxpayers under 65 — This amount is limited to taxable disability income for year, if less.

** If the base amount (column two) is limited to disability income, the amount of adjusted gross income which will keep the taxpayer from taking the credit will be less than the amount listed in column three. Check Publication 17, Chapter 34 for more information.

*** Must **not live with spouse** at any time during the tax year.

TaxWise calculates the credit automatically if birthdate is provided. Regardless of taxability social security benefits must be entered on Form 1040, line 20a, to preclude erroneous calculation of credit.

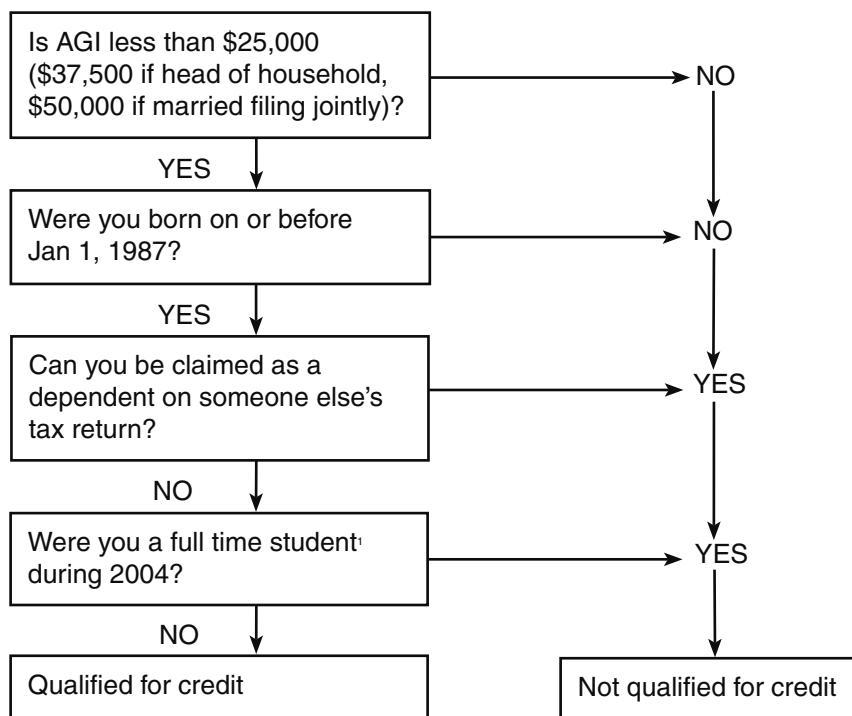
Education Credits

Hope Credit	Lifetime Learning Credit
Up to \$1,500 credit per eligible student	Up to \$2,000 credit per return
Available only until the first 2 years of postsecondary education are completed	Available for all years of postsecondary education and for courses to acquire or improve job skills
Available only for 2 years per eligible student	Available for an unlimited number of years
Student must be pursuing an undergraduate degree or other recognized education credential	Student does not need to be pursuing a degree or other recognized education credential
Student must be enrolled at least half time for at least one academic period beginning during the year	Available for one or more courses
No felony drug conviction on student's record	Felony drug conviction rule does not apply

Note: You cannot take the tuition and fees deduction and an education credit for the same student. It may be more advantageous to take a tuition and fee deduction as an adjustment to income on Form 1040, line 27. Check both ways once the return is completed to see which is best for the taxpayer.

Retirement Savings Contributions Credit

A nonrefundable credit for certain taxpayers



¹See Pub 17 for definition of full time student.

Child Tax Credit

Use the worksheet in 1040 or 1040A Instruction booklet.

This is a credit intended to reduce the tax. The credit may be refundable. The credit is up to \$1,000 per qualified child.

Qualified Child:

1. Under age 17 at the end of 2004.
2. A citizen or resident of the United States.
3. Claimed as your dependent.
4. Your:
 - a. Son or daughter, adopted child, stepchild, or a descendant of any of them
 - b. Brother, sister, stepbrother, stepsister, or a descendant of any of them if you care for the individual as your own child
 - c. Eligible foster child.

Additional Child Tax Credit

The child tax credit is generally a non-refundable credit; however, certain taxpayers may be entitled to a refundable additional child tax credit.

- Taxpayers with more than \$10,750 of taxable earned income, may be eligible for the additional child tax credit regardless of the number of qualifying children.
- Taxpayers with three or more children may also be eligible for additional child tax credit regardless of their income.

Use Form 8812 to calculate the allowable additional child tax credit.

[illegible][illegible][illegible][illegible]

Questions Who Must Use Publication 972	
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<p>Step 5: Are you excluding income from Puerto Rico or are you filing Form 2555 or 2555-EZ (relating to foreign earned income) or Form 4563 (exclusion of income for residents of American Samoa)?</p>	<p>If no, go to Step 6. If yes, you must use Publication 972 to figure the credit.</p>
<p>Step 6: Is the amount of AGI on line 36 of your Form 1040, or line 21 of Form 1040A more than:</p> <ul style="list-style-type: none"> ■ \$110,000 if you are married filing jointly, ■ \$75,000 if your are filing as single, head of household, or as a qualifying widow, or ■ \$55,000 if you are married filing separately? 	<p>If no, go to Step 7. If yes, you must use Publication 972 to figure the credit.</p>
<p>Step 7: Are you claiming any of the following credits?</p> <ul style="list-style-type: none"> ■ Adoption credit, Form 8839 ■ Mortgage interest credit, Form 8896 ■ District of Columbia first-time homebuyer credit, Form 8859 	<p>If no, use the Child Tax Credit Worksheet to figure the credit. If yes, you must use Publication 972 to figure the credit.</p>

*A descendant of is any generation.

Summary of EIC Eligibility Requirements

Part A Rules for Everyone	Part B Rules If You Have a Qualifying Child	Part C Rules If You Do Not Have a Qualifying Child
Must have a valid social security number.	Child must meet the relationship, age, and residency tests.	Must be at least age 25 but under age 65.
Filing status cannot be “Married filing separately.”	Qualifying child cannot be used by more than one person to claim the EIC.	Cannot be the dependent of another person.
Must be a U.S. citizen or resident alien all year.		Must have lived in the United States more than half the year.
Cannot file Form 2555 or Form 2555-EZ (relating to foreign earned income).		
Investment income must be \$2,650 or less.		
Cannot be a qualifying child of another person.		
<div>Part D Earned Income and AGI Limitations</div> <div>Must be less than:</div> <div><div>■ \$34,458 (\$35,458 for married filing jointly) if you have more than one qualifying child,</div><div>■ \$30,338 (\$31,338 for married filing jointly) if you have one qualifying child, or</div><div>■ \$11,490 (\$12,490 for married filing jointly) if you do not have a qualifying child</div></div>		
<div>Part E Investment Income</div> <div>Investment income must not be more than \$2,650.</div>		

INTERVIEW TIPS

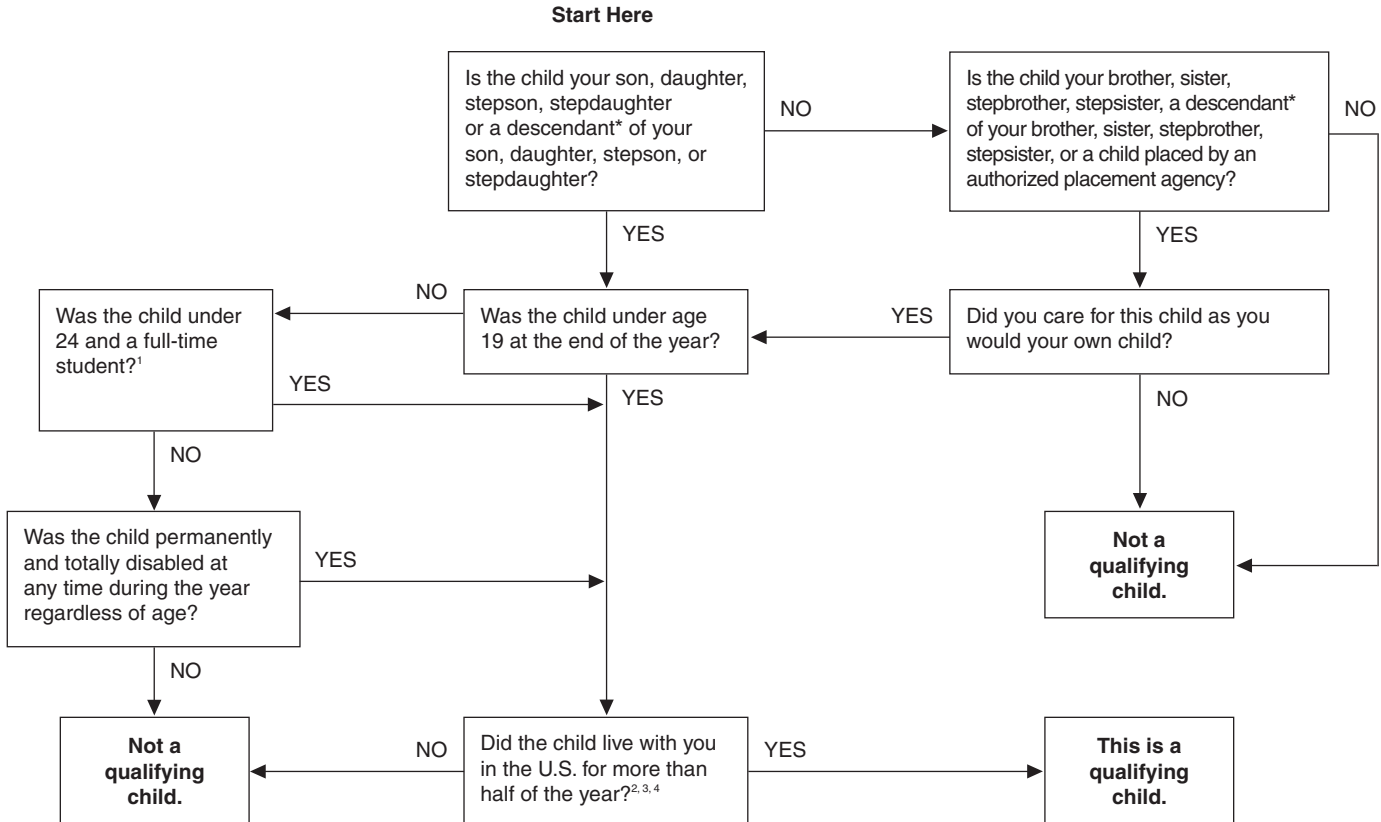


EIC General Eligibility Rules

Probe/Action: Ask the taxpayer:

<p>Step 1: Calculate the taxpayer's earned income and Adjusted Gross Income (AGI) for the tax year. Are both less than:</p> <ul style="list-style-type: none"> ■ \$34,458 (\$35,458 married filing jointly) with two or more qualifying children; ■ \$30,338 (\$31,338 married filing jointly) with one qualifying child; or ■ \$11,490 (\$12,490 married filing jointly) with no qualifying children? 	<p>If yes, go to Step 2. If no, STOP. You cannot claim the EIC.</p>
<p>Step 2: Do you (and your spouse, if filing jointly) have a social security number (SSN) that allows you to work?</p> <p>Caution: Answer "yes" if the taxpayer's social security card says "NOT VALID FOR EMPLOYMENT" and the taxpayer or spouse did not obtain the SSN to get a federally funded benefit.</p>	<p>If yes, go to Step 3. If no, STOP. You cannot claim the EIC.</p>
<p>Step 3: Is your filing status married filing separately?</p>	<p>If yes, STOP. You cannot claim the EIC. If no, go to Step 4.</p>
<p>Step 4: Are you (or your spouse, if married) a nonresident alien?</p> <p>Caution: Answer "no" if the taxpayer is married filing a joint return, even if one taxpayer is a nonresident alien.</p>	<p>If yes and you are either unmarried or married but not filing a joint return, STOP. You cannot claim the EIC. If no, go to Step 5.</p>
<p>Step 5: Are you (or your spouse, if filing jointly) filing Form 2555 or Form 2555EZ (Foreign Earned Income)?</p>	<p>If yes, STOP. You cannot claim the EIC. If no, go to Step 6.</p>
<p>Step 6: Is your investment income more than \$2,650?</p>	<p>If yes, STOP. You cannot claim the EIC. If no, go to Step 7.</p>
<p>Step 7: Are you (or your spouse, if filing jointly) an EIC qualifying child of another person?</p>	<p>If yes, STOP. You cannot claim the EIC. If no, go to the interview tips for EIC-With A Qualifying Child or EIC-Without A Qualifying Child.</p>

EIC Qualifying Child Determination



¹ To be considered a student, the child must attend school full-time for some part of each of five calendar months of the year. See Pub. 17, *Earned Income Credit*, for rules regarding vocational high school students and night school.

² If a child fails to meet the residency tests because the child was born or died during the year, the child is considered to meet the test if the child lived with the taxpayer while the child was alive.

³ U.S. military personnel stationed outside the United States on extended active duty are considered to be living in the United States.

⁴ Count time the taxpayer or qualifying child is away from home on a temporary absence due to a special circumstance as time lived at home.

* A descendant is of any generation.

[illegible]

Step 1: Does your qualifying child have an SSN that allows him or her to work? Caution: Answer “yes” if the child’s social security card says “NOT VALID FOR EMPLOYMENT” and his or her SSN was obtained for a reason other than to get a federally funded benefit.	If yes , go to Step 2. If no , STOP. You cannot claim the EIC on the basis of this qualifying child.
Step 2: Is the child your son, daughter, stepchild, or a descendant of ¹ any of them?*	If yes , go to Step 5. If no , go to Step 3.
Step 3: Is the child your brother, sister, stepbrother, stepsister, or a descendant of any of them, or was the child placed with you by an authorized placement agency?	If yes , go to Step 4. If no , STOP. This child is not your qualifying child. Go to interview tips for EIC-Without A Qualifying Child.
Step 4: Did you care for the child as you would care for your own child?	If yes , go to Step 5. If no , STOP. This child is not your qualifying child. Go to interview tips for EIC-Without A Qualifying Child.
Step 5: Was the child any of the following at the end of the tax year: <ul style="list-style-type: none"> ■ Under age 19, ■ Under age 24 and a full-time student, or ■ Any age and permanently and totally disabled? 	If yes , go to Step 6. If no , STOP. This child is not your qualifying child. Go to interview tips for EIC-Without A Qualifying Child.
Step 6: Was the child married at the end of the year?*	If no , go to Step 7. If yes , STOP. This child is not your qualifying child (failed the relationship test). Go to interview tips for EIC-Without A Qualifying Child.
Step 7: Did the child live with you in the United States for more than half (184 days) of the tax year?	If yes , go to Step 8. If no , STOP. This child is not your qualifying child. Go to interview tips for EIC-Without A Qualifying Child.
Step 8: Is the child a qualifying child of another person?	If yes , explain to the taxpayer what happens when more than one person claims the EIC using the same child (The Tie-Breaker Rule). If the taxpayer chooses to claim the credit with this child, compute the EIC using the appropriate EIC Worksheets. If no , compute the EIC using the appropriate EIC worksheet.

¹A descendant of is any generation.

Qualifying Child of More Than One Taxpayer

If a child is a qualifying child of more than one taxpayer, the taxpayers may choose which of them will claim the credit on the basis of that child. If two or more children are qualifying children of the same taxpayers (not filing a joint return together), the taxpayers may agree that one will claim the credit on the basis of one child and the other will claim the credit on the basis of the other child.

If two or more taxpayers actually claim the credit on the basis of the same qualifying child, the statute determines which of them is entitled to the credit on the basis of that child.

EIC Tie-Breaker Rule

The Rule: Only one person can claim a child as a qualifying child for the EIC.

Advise the taxpayer: If more than one individual claims the child on separate returns, their refund (If any) will be delayed. Thus, the taxpayers should reach an agreement with the other party as to who will claim the credit using the child.

What happens if no agreement is reached? If the taxpayers cannot agree and more than one person actually claims the credit using the same child, the IRS will apply the following “**tie-breaker rule.**”

IF more than one person claims the EIC using the same child and ...	THEN ...
Only one of the person is the child's parent	Only the parent can treat the child as a qualifying child.
Two of the persons are the child's parents, and they do not file a joint return together	Only the parent with whom the child lived the longest during the year can treat the child as a qualifying child.
Two of the persons are the child's parent, the child lived with each parent the same amount of time during the year, and the parent do not file a joint return together	Only the parent with the highest adjusted gross income (AGI) can treat the child as a qualifying child.
None of the persons are the child's parent	Only the person with the highest AGI can treat the child as a qualifying child.

INTERVIEW TIPS

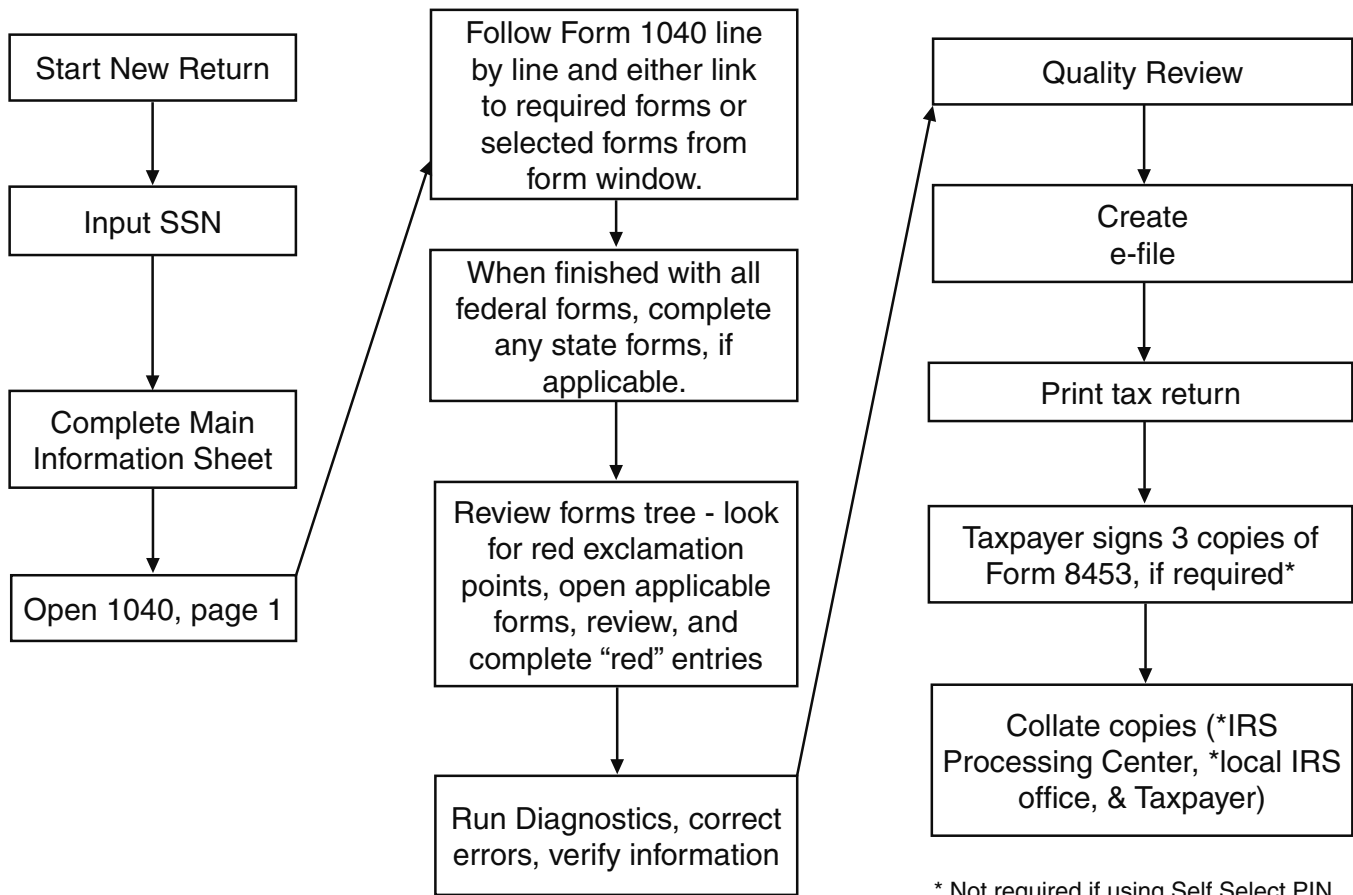


EIC Without A Qualifying Child

Probe/Action: Determine and/or ask the taxpayer:

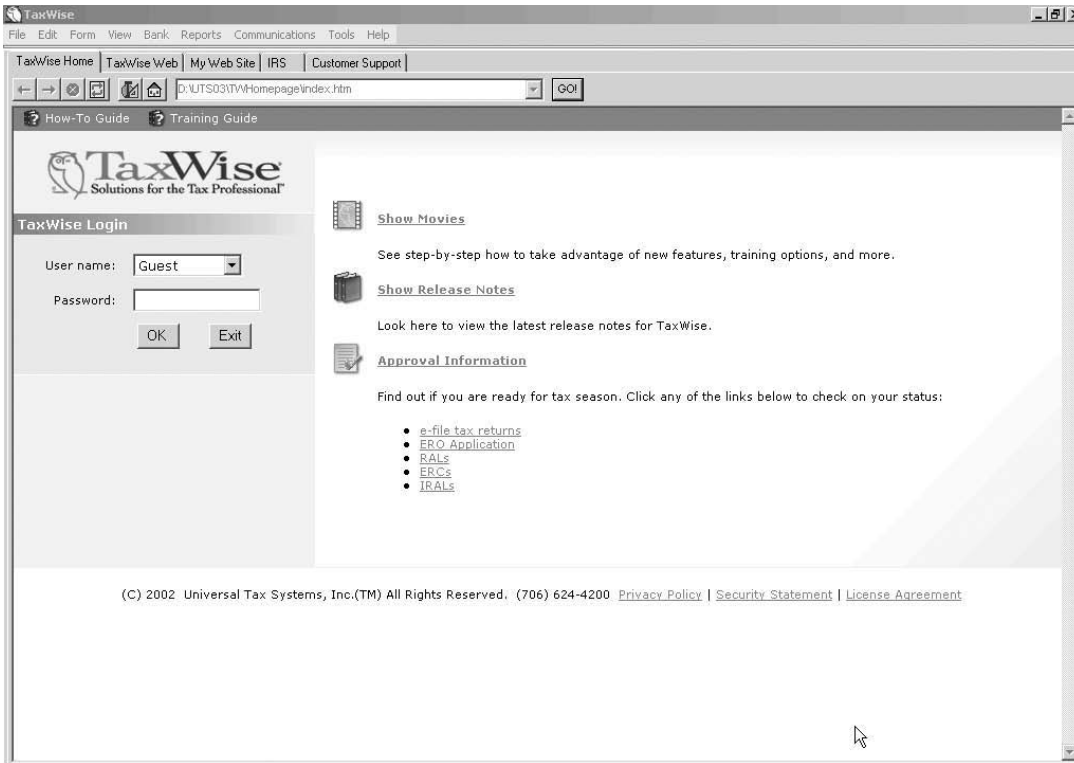
Step 1: Can you (or your spouse, if filing jointly) be claimed as a dependent by another person?	If yes , STOP. You cannot claim the EIC. If no , go to Step 2.
Step 2: Were you (or your spouse, if filing jointly) at least 25 but under age 65 on December 31 of the tax year?	If yes , go to Step 3. If no , STOP. You cannot claim the EIC.
Step 3: Did you (and your spouse, if filing jointly) live in the United States for more than half (at least 184 days) of the tax year?	If yes , compute EIC using the appropriate EIC Worksheet. If no , STOP. You cannot claim the EIC

TaxWise Flow Chart

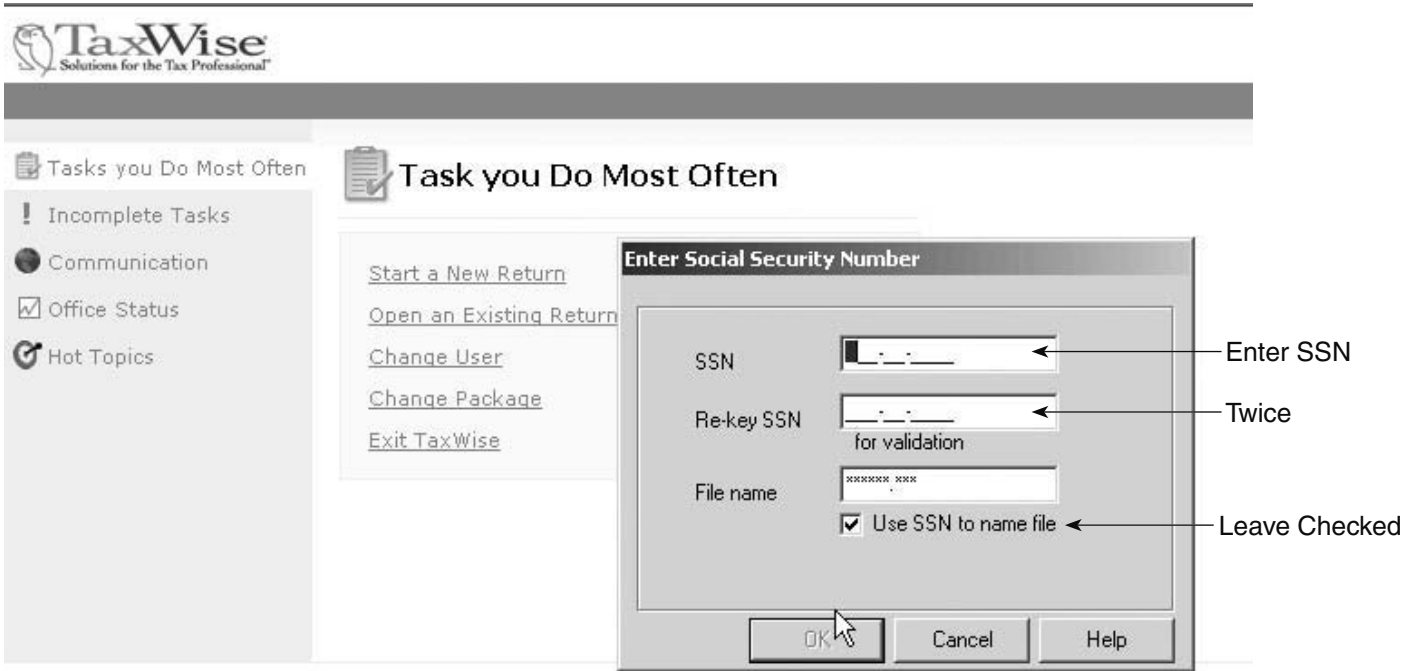


TaxWise Log in Screen

Open TaxWise, select “User Name,” enter “Password,” and click “OK.”



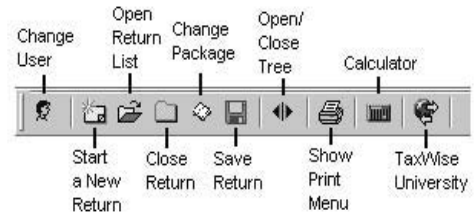
Start A New Return



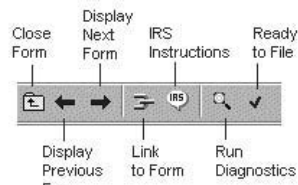
TaxWise Quick Reference

Toolbars

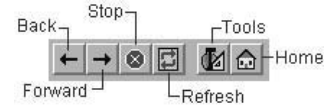
Main Toolbar



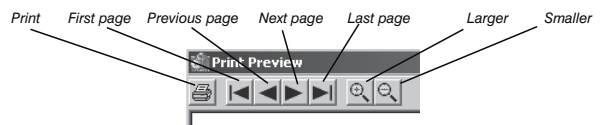
Tax Preparation Toolbar



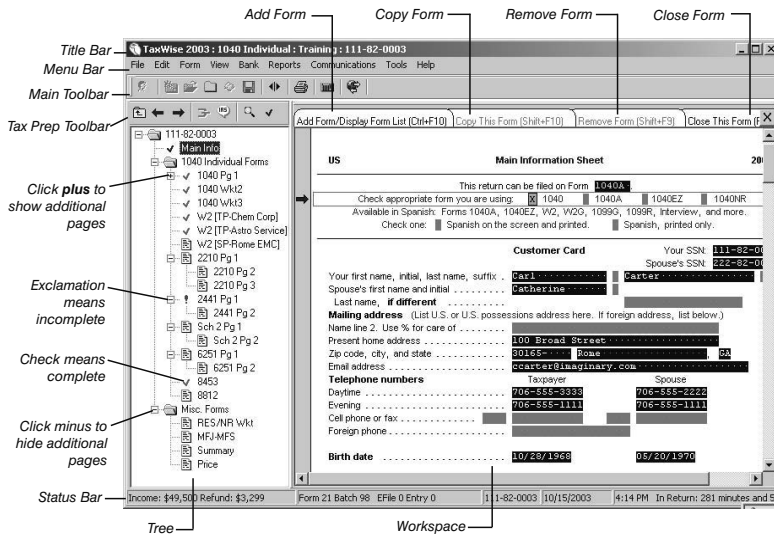
Browser Toolbar



Print Preview Toolbar



The TaxWise Window



Shift	IRS Help		Un-Estimate		Shift				Un-Override	Shift	Remove Form	Add Copy	Pause Timer
	F1	F2	F3	F4		F5	F6	F7	F8		F9	F10	F11
No Shift	TW Help		Estimate		No Shift	Calculator	Second Form	Return Status	Override	No Shift	Link	Close Form	Insert Variable

COLOR SCREEN

YellowCalculated Entries
 Green.....Non-Calculated Entries
 Red Block Required Entries
 Red on Gray Overridden Entries
 White on Red.....Estimated Entries
 Yellow Block..... Scratch Pad Attached

Main Information Screen

US		Main Information Sheet	
This return can be filed on Form 1040A .			
Check appropriate form you are using: <input checked="" type="checkbox"/> 1040 <input type="checkbox"/> 1040A <input type="checkbox"/> 1040EZ <input type="checkbox"/> 1040NR			
Available in Spanish: Forms 1040A, 1040EZ, W2, W2G, 1099G, 1099R, Interview, and more.			
Check one: <input type="checkbox"/> Spanish on the screen and printed. <input type="checkbox"/> Spanish, printed only.			
Customer Card			
Your first name, initial, last name, suffix		Your SSN: 111-11-1111	
Spouse's first name and initial		Spouse's SSN:	
Last name, if different			
Mailing address (List U.S. or U.S. possessions address here. If foreign address, list below.)			
Name line 2. Use % for care of			
Present home address			
Zip code, city, and state			
Email address			
Telephone numbers			
Taxpayer		Spouse	
Daytime			
Evening			
Cell phone or fax			
Foreign phone			
Birth date			
Taxpayer's occupation			
Spouse's occupation			
Foreign Address Do not list both U.S. and foreign addresses.			
Foreign street address			
Foreign city, state, province, Zip code			
Foreign country. Do not abbreviate			

Always use Form 1040

Verify names and SSNs*

Enter spouse SSN

Verify spouse last name with SS card. If different than TP, enter last name here.

Always ask for at least one telephone number

Must input birth date. Include spouse if joint return

Do not use foreign address field for APO/FPO addresses

*If the primary SSN has been entered incorrectly, change it by going to Tools, Utilities/Setup Options, File, TaxWise Explorer. Select user and highlight applicable return. Select Rename under Action. Type in new SSN and click Rename button. Return to Main Info and change SSN.

Main Information Screen (Cont)

Taxpayer Information	
Special processing. Enter "Desert Storm", "Haiti", "Former Yugoslavia", "UN Operation", "Joint Guard", "Joint Forge", "Northern Watch", "Operation Allied Force", "Northern Forge", "Enduring Freedom", "Combat Zone", or "Combat Zone YYYYMMDD", where YYYYMMDD = deployment date	<input type="text"/>
Are you excluding Puerto Rico income from this tax return?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If "Yes", enter the amount of income excluded	<input type="text"/>
Check if blind	Taxpayer <input type="checkbox"/> Yes Spouse <input type="checkbox"/> Yes
Date of death, ONLY if in 2003 or 2004 (no e-filing if 2004)	<input type="text"/>
This tax return is being filed by	<input checked="" type="checkbox"/> the surviving spouse or <input type="checkbox"/> someone else.
Presidential Election Campaign	Do you want \$3 to go to this fund? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If filing jointly, does your spouse want \$3 to go to this fund? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Filing Status	
1 <input type="checkbox"/> Single	
2 <input type="checkbox"/> Married filing jointly (even if only one had income)	
3 <input type="checkbox"/> Married filing separately	Spouse's first name: <input type="text"/> Last name: <input type="text"/> SSN: <input type="text"/> Did your spouse ever live with you in 2003? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes", did you and your spouse live together at anytime after June 30, 2003? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Military. Answer only if married filing separately and the address above is one of the following community property states: AZ, CA, ID, LA, NV, NM, TX, WA, WI. Is this state your home of record? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes", this return cannot be electronically filed. It must be mailed to IRS.
4 <input type="checkbox"/> Head of household (with qualifying person). If the qualifying person is a child, who is NOT your dependent, enter the child's name: <input type="text"/> and social security number: <input type="text"/>	
5 <input type="checkbox"/> Qualifying widow(er) with dependent child. Year spouse died (2001 or 2002 only): <input type="text"/>	
6 Exemptions	a <input checked="" type="checkbox"/> Yourself b <input type="checkbox"/> Spouse Number of boxes checked on 6a and 6b: <input type="text"/>
Check if	
(a) you can be claimed on another person's return	<input type="checkbox"/>
(b) 1040EZ only - filing status 2 and spouse can be claimed on another person's	<input type="checkbox"/>

If applicable, use only one combat zone. Do not type quotation marks.

Usually check no.

Complete for deceased taxpayer.

Ask taxpayer. Answer does not effect refund balance due.

Verify exemptions. College/high school students or young military personnel who entered the military this tax year, may be eligible to be claimed on someone else's tax return.

If you have more than 5 dependents, select Form 1040 above and list the first 5 dependents below. Then go to the statement, in the dependent's section of Form 1040, to list the rest of your dependents. You can also list in the dependent section below, children, who lived with you and qualify for Dependent Care and/or Earned Income Credit, but are not your dependents, due to a divorce or separation agreement.

Do not list nondependents on the statement accessible from Form 1040.

c Dependents/Nondependents See instructions above.					Qualifies					
First name	Last name	Date of birth	Social security number	Relationship to YOU	M o n i t o r i n g	C o m m u n i c a t e d	D i v o r c e d	E x e m p t i o n	CTC + Y T N C	

Totals from Above Statement

Number of your children who lived with you ☐ Box 6c1 ... ☐

Number of your children who didn't live with you due to divorce or separation ☐ Box 6c2 ... ☐

Number of other dependents ☐ Box 6c3 ... ☐

Noncustodial Parents. If you are claiming, as a dependent, a child who does not live with you, you MUST attach to the tax return, or Form 8453 if e-filing, a written document that substantiates your right to claim this dependent.
Check the item you are attaching.

A copy of a pre-1985 divorce or separation agreement ☐ or

A copy of a post-1984 divorce or separation agreement without conditions ☐ or

Form 8332 - Release of Claim of Exemption ☐ or

Form 2120 - Multiple Support Agreement ☐

Total number of exemptions claimed Box 6d ... ☐

DC is Credit for Child and Dependent Care expenses (see page 17 for qualifications)

EIC is Earned Income Credit
(see page 23 for qualifications)

CTC is Child Tax Credit-TaxWise automatically determines if child is a qualifying child based upon your input.

Verify names, SSN and dates of birth with Social Security card to prevent rejected returns.

State Information If you are not preparing a state return, check here <input type="checkbox"/> or fill in state information below Full year resident: <input type="checkbox"/> and <input type="checkbox"/> Part-year: <input type="checkbox"/> and <input type="checkbox"/> Nonresident: <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
Type of return <input type="checkbox"/> Bank products <input checked="" type="checkbox"/> E-file ONLY <input type="checkbox"/> Paper			
Select your bank <input type="checkbox"/> Bank One <input type="checkbox"/> Household <input type="checkbox"/> Liberty <input type="checkbox"/> Republic <input type="checkbox"/> Santa Barbara <input type="checkbox"/> County Bank <input type="checkbox"/> Other			
Stored Value Card (SVC) Using the SVC program, a taxpayer can receive their refund on a bank debit card that can be used at stores, ATMs, etc. This option is available to electronic filers only. Does the taxpayer want a Stored Value Card? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, do not complete the direct deposit fields below.			
Bank account information for: Direct deposit: E-filing, paper returns, RAL/ERC direct deposit refund; or Electronic Funds Transfer (ACH Debit) available for E-filing only.			
Routing transit number (RTN) of financial institution		<input type="text"/>	
Account number (DAN) including hyphens		<input type="text"/>	
Self-Select and Practitioner PIN(s)			
Practitioner PIN for both the Self-Select and Practitioner PIN programs <input type="text"/>			
Check if using the Practitioner PIN method for e-filing this income tax return or Form 4868 with direct debit <input type="checkbox"/>			
If not checked, date(s) of birth and 2002 original AGI are required.			
What form(s) are you e-filing using PINs? Extensions CANNOT be e-filed for decedents.			
The income tax return		<input type="checkbox"/>	
Form 4868 without direct debit. No PINs required		<input type="checkbox"/>	
Form 4868 with direct debit. Practitioner PIN method allowed for 2003		<input type="checkbox"/>	
* Form 2350 without direct debit		<input type="checkbox"/>	
* Form 2350 with direct debit		<input type="checkbox"/>	
* Form 2688		<input type="checkbox"/>	
* Requires date(s) of birth above and 2002 original AGI. F8 to change spouse AGI, if incorrect.			
Taxpayer's original 2002 AGI: <input type="text"/>		Spouse's original 2002 AGI: <input type="text"/>	
Does this income tax return qualify to use a PIN? <input type="checkbox"/>			
<input checked="" type="checkbox"/> the taxpayer (or spouse) is under 16 years of age. Does not apply to Practitioner PIN Program. the following forms are required to be attached to Form 8453.			
<input type="checkbox"/> Form(s) 8332		<input type="checkbox"/> Copy of divorce or separation agreement	
<input type="checkbox"/> Form(s) 8283 appraisal		<input type="checkbox"/> Other documents you selected to attach.	
<input type="checkbox"/> Form 8885 attachments			
The information below, as well as the Practitioner PIN above, must be filled in for both PIN programs.			

Check box if not preparing state returns.

Paper or e-file are only choices.

Do Not make entries in this section.

Do Not use this section unless your agency is participating in the program.

RTN must be 9 characters.

Type account number exactly as shown on check (see page 66).

Only first box should be checked

To use the self-select PIN taxpayers must bring their prior year tax return (see page 62).

Review this line when return is complete to ensure taxpayer is eligible for Self Select PIN.

Third Party Designee Do you want to allow another person to discuss this return with the IRS? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No You can use Tax Form Defaults to set the information below. It will transfer only if "Yes" is checked.		
Designee's name	Designee's telephone	Designee's PIN (cannot be 00000)
.....	.....	0
Preparer Information Check to bill as a self-prepared return: <input type="checkbox"/>		
Preparer's ID:	Date:	
Preparer's name:	Check if also ERO: <input type="checkbox"/>	
Preparer's SSN: PTIN: P 0	Check if self-employed: <input type="checkbox"/>	
Firm name:	EIN:	
Address:	Phone:	
Zip code:	Fax:	
Email address:		
Non-paid preparer indicator (IRS, VITA, or military use)		
Preparer's Use Fields		
1	2	3
4 0.	5 0.	6 0.
7 ..		
Time in this return: minutes Tax bracket: 10.0 Price: 0.		
Information below is for the preparer. It will print and proforma. Notes to the client should be listed on the Summary Sheet.		
.....		
.....		
.....		

Usually check No

Do Not make any entries in this section. The PTIN field should have an entry by default. If not, please contact your site manager.

The following is for military only
 Field 1: Enter one of the following
 Grade (E4, 03, etc)
 RET
 DEP
 DOD

Field 2: Enter one of the following
 USAF
 USA
 USN
 USMC
 USCG
 DOD

Field 3: Taxpayer's organization (i.e. 12FW/JA)

Income

The following are examples of income items to consider in determining entries into TaxWise:

<u>Form</u>	<u>Type</u>	<u>Go to 1040 Line</u>	<u>TaxWise Entries</u>
W-2	Wages & Salaries	7	Link (F9) and complete Form W-2
1099-INT	Interest	8a	Link (F9) and complete Schedule B, Interest and Ordinary Income
1099-DIV	Dividends	9	Link (F9) and complete Schedule B, Interest and Ordinary Income
1099-MISC	Miscellaneous Income	12	Link (F9) and complete Schedule C-EZ
1099-B	Sale of Stock	13	Link (F9) and complete Schedule D, page 1
1099-R	Distributions from Retirement Plans	16	Link (F9) and complete Form 1099-R
RRB-1099-R	Railroad Retirement Benefits (Tier 2)	16	Link (F9) and complete Form 1099-R
1099-G	Certain Government Payments	19	Link (F9) and complete Form 1099-G
SSA-1099	Social Security Benefits	20	Link (F9) and complete 1040 Wkt 1
RRB-1099	Railroad Retirement Benefits (Tier 1)	20	Link (F9) and complete 1040 Wkt 1
W-2G	Gambling Winnings	21	Link (F9) and complete 1040, line 21, Other Income

Note: Once the main info and income statements are entered, TaxWise automatically makes available all forms and schedules for credits except Hope and lifetime learning credits and retirement savings contribution credit if there is only a Roth IRA contribution. These credit forms and schedules will be annotated with a red exclamation point.

How/Where To Enter Income

7	Wages, salaries, tips, etc. (AB <input type="checkbox"/> , FB <input type="checkbox"/> , DCB <input type="checkbox"/> , SNE <input type="checkbox"/> , SSHIP <input type="checkbox"/>)	0.
	Taxable scholarship not on Form W2	0.
	Household employee income not on Form W2	0.
8a	Taxable interest	0.
b	Tax-exempt interest	0.
9a	Ordinary dividends. Qualified dividends from Forms 8814 are included on line 9a. List the taxpayer's dividend income on Schedule B	0.
b	Qualified dividends. Qualified dividends from Schedules K-1 and Forms 8814 are already included on line 9b. Do NOT list these amounts on Schedule B	0.
<div style="border: 1px solid black; padding: 5px;"> Did you itemize deductions last year and receive state or local tax refunds, credits, or offsets? <input type="checkbox"/> Yes <input type="checkbox"/> No </div>		
10	Taxable refunds, credits, or offsets of state and local income taxes. F9 for worksheet	0.
11	Alimony received	0.
12	Business income or (loss)	0.
13a	Capital gain or (loss). List capital gain distributions on Schedule B dividend worksheet (Schedule D not required <input type="checkbox"/>)	0.
b	Post May 5 capital gain distributions if line 13a box is checked	0.
14	Other gains or (losses) (Form 4684 only <input type="checkbox"/>)	0.
15a	IRA distributions Total	0.
b	Taxable amount Check if rollover: <input type="checkbox"/> and explain F9:	0.
16a	Pensions and annuities Total	0.
b	Taxable amount Check if any amounts were rolled over: <input type="checkbox"/>	0.
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc	0.
18	Farm income or (loss)	0.
19	Unemployment compensation Amount	0.
	Repayment of 2003 unemployment compensation	0.
20a	Social security benefits Total	0.
b	Taxable amount (D <input type="checkbox"/>) (LSE <input type="checkbox"/>)	0.
21	Other income. Statement available, if you have more than 1 item to list or to designate ownership of income on a joint return. F9 on "Type" below. You will need to override for direct entry.	
	Type: Amount	0.
*Amounts from Forms W2G, 8814, 6478, and 1099M; MSA, MED&MSA, LTC, Schedules K-1, ESAs, and QTPs transfer here. If you are using the statement, check <input type="checkbox"/> AND manually enter: on the statement.		
. exclusion and amount: If you have more than one of either Forms 2555 or 2555-EZ, F9 in the "amount", for a statement and list each as a negative amount.		

Link (F9) to form W-2 (see page 39)

Link (F9) to Sch B Interest and Ordinary Dividend Income (see page 40/43)

Link (F9) to state tax refund worksheet

Enter directly

Link (F9) to Sch C or Sch C-EZ (see page 44)

Link (F9) to Sch Sch D, page 1 (see page 45)

Link (F9) to new Form 1099R (see page 46)

Link (F9) to new 1099-R (see page 46)

Link (F9) to Sch E, page 1 (see page 48) Rent and Royalty Income

Link (F9) to new 1099-G

Link (F9) to new 1040 wkt 1

Link (F9) for appropriate form, worksheet, or scratchpad. Use "Add Form" feature to complete Form 2555 or Form 2555EZ, if applicable.

Form W-2 Instructions

US W-2		Wage and Tax Statement				
This W2 statement is for the: Taxpayer Spouse						
<input type="checkbox"/> Check if this W2 is handwritten, altered, or appears not to be a true W2. <input type="checkbox"/> Check if this is the taxpayer's address shown on the W2 or <input type="checkbox"/> Check and make changes This line is used ONLY for a foreign address -->						
<input type="checkbox"/> Check if employer was contacted to verify W2 (Bank product only) Employer phone: _____ <input type="checkbox"/> Check to take calculations off of lines 3, 4, 5, and 6. <input type="checkbox"/> Check to take calculations off of line 16, state wages.						
a Control number: _____		Corrected W2 (W-2C): <input type="checkbox"/>		Void: <input type="checkbox"/>		
b Employer ID: _____ <- F9 for Sub W2 -> Name code: _____		1 Wages, tips, etc. _____ 0.	2 Federal tax withheld _____ 0.			
c Employer's name Foreign employer - See F1 Help. _____ Employer's care of name. Use % for care of. _____ Employer's address _____ Employer's Zip code, city, and state _____		3 Social security wages _____ 0.	4 Social security tax withheld _____ 0.			
		5 Medicare wages _____ 0.	6 Medicare tax withheld _____ 0.			
		7 Social security tips _____ 0.	8 Allocated tips _____ 0.			
		9 Advance EIC payment _____ 0.	10 Dependent care benefits _____ 0.			
d Employee's social security number: 111-11-1111		11 Nonqualified plans _____ 0.				
e Employee's name and address _____						
f Employee's address and Zip code _____ _____ _____						
12 Code Amount YY -->Year <input type="checkbox"/> _____ 0. <input type="checkbox"/> for prior year <input type="checkbox"/> _____ 0. <input type="checkbox"/> year <input type="checkbox"/> _____ 0. <input type="checkbox"/> USERRA <input type="checkbox"/> _____ 0. <input type="checkbox"/> contribution		14 Other <div style="display: flex; justify-content: space-between;"> <div>Type</div> <div>Amount</div> </div> <div style="display: flex; justify-content: space-between;"> <div>_____</div> <div>_____ 0.</div> </div> <div style="display: flex; justify-content: space-between;"> <div>_____</div> <div>_____ 0.</div> </div> <div style="display: flex; justify-content: space-between;"> <div>_____</div> <div>_____ 0.</div> </div>				
13 Statutory employee Retirement Third party <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		RR = Railroad; T = Tier RRT1: _____ 0. RRT2: _____ 0. RRTM: _____ 0.				
See instructions below for statutory employee box and line 15.						
15 State	State ID number	16 St wages	17 State tax	18 Loc wages	19 Local tax	20 Local name
<input type="checkbox"/>	_____	_____ 0.	_____ 0.	_____ 0.	_____ 0.	_____
<input type="checkbox"/>	_____	_____ 0.	_____ 0.	_____ 0.	_____ 0.	_____
<input type="checkbox"/>	_____	_____ 0.	_____ 0.	_____ 0.	_____ 0.	_____

Tax Tip: If there is more than one Form W-2, select the “Copy W-2” tab.

Compare this address to Form W-2 address.
If same, check second box. If different, check
third box and enter address exactly as it
appears on Form W-2.

If boxes 3,4, 5, and 6 DO NOT match taxpayer's copy of Form W-2, check fifth box and enter data exactly as it appears on Form W-2.

Review Box 2 and Box 17 to ensure tax withheld was entered and is correct.

Form W-2 and Form 1099 ALERT!

IRS requires that information on electronically filed Forms W-2 and 1099-R match the printed Forms W-2 and 1099-R **exactly**.

A taxpayer with multiple W-2s or 1099-Rs could possibly have a *different* address on several, if not all, of the W-2s or 1099-Rs.

Check them carefully; the change must be done on ***each and every*** W-2 or 1099-R differing from the current address.

IMPORTANT!

The most current address entered in MAIN INFO will not be affected and will remain the current address for the taxpayer(s).

Schedule B - Interest

TaxWise : 1040 Individual : Guest : 111-11-1111

File Edit Form View Bank Reports Communications Tools Help

Add Form/Display Form List (Ctrl+F10) Copy This Form (Shift+F10) Remove Form (Shift+F9) Close This Form (F10)

US Schedule B Interest and Ordinary Dividends

Use this Schedule B for Form 1040A, Schedule 1. All entries will transfer to Schedule 1.

Name: **Vita Site** SSN: **111-11-1111**

Part I: Interest

1a Seller-financed mortgages
Interest income from seller-financed mortgages and the buyer used the property as a personal residence. Show the buyer's name, address, and social security number. Statement available for more than one. F9 on "Name" below.

Name: ID number: Amount: 0. 0.

Address: Amount: 0. 0.

State Information for seller-financed mortgage interest
Joint amount: 0. Spouse amount: 0.

Other interest
F9 in the "Payer" or "Amount" sections: for 1099-INT facsimile; to list more than 6 items; or to list tax-exempt interest, other Federal or state adjustments, and account ownership.

Payer. If the payer is a brokerage firm, list the firm's name as the payer. Amount

Payer	Amount
b Delta Employees CU...	15.
c	0.
d	0.
e	0.
f	0.
g	0.

*The interest from Schedules K-1 transfers to line g. If you are using the interest statement, check here ☐ AND manually enter: 0. for the taxpayer and 0. for the spouse on the statement as K-1 interest.

Subtotal 15.

Name will be red the first time entering Sch B. Once an entry is made on line 1b, the red will disappear.

Link (F9) to Interest Stmt-Schedule B, Line 1b interest income

Interest Statement Line 1b Interest Income

US Schedule B		Interest Received						
Do not skip lines. You can delete lines by using the ALT and DELETE keys.								
TSJ - Account belongs to Taxpayer, Spouse, or Joint (taxpayer and spouse).								
State Adjust - "+" state or municipal bond interest to be added to state income.								
"-" interest from U.S. obligations, such as U.S. Savings Bonds.								
NAEOB - N-Nominee; A-Accrued; E-Tax-exempt; O-OID; B-Amortized bond premium.								
Payer	Amount	TSJ	State Adjust +/-	Amount	NAE OB	NAEOB amount	Early penalty	Federal withholding
Alta Employees CU	15.			0.		0.	0.	0.
	0.			0.		0.	0.	0.
	0.			0.		0.	0.	0.
	0.			0.		0.	0.	0.
	0.			0.		0.	0.	0.

Enter name of payer, abbreviate as needed to fit on line (approximately 20 characters). Do not use punctuation.

Enter amount from Form 1099-INT, box 1 or box 3

Enter amount from Form 1099-INT, box 2

Enter amount from Form 1099-INT, box 4

Note: Use only 1 interest statement to record all interest/dividend income

Additional Interest, NAEOB and State Adjustments

TSJ: Annotating who received interest is important for state tax purposes

State Adjustment: **IMPORTANT**—When a state return has been selected on the Main Info Sheet the entries are transferred directly to the state return. If state tax law treats the interest differently, an adjustment has to be made in the State Adj column.

Example 1: Interest from US Government HH Bond is fully taxable on the Federal return. If this interest is not taxable on the state return, an adjustment has to be made by entering a "-" in the State Adj +/- column followed by the amount in the State Adj column. This action will adjust the entry in the state return.

NAEOB column enter:

- N – Nominee interest—Interest transferred to another person
- A – Accrued interest—Interest paid to seller at time of purchase
- E – Federal tax exempt interest
- O – OID – Usually reported on Form 1099OID and generally is fully taxable
- B – Amortized bond premium—See IRS Pub 1212 for more detail

Example 2: Municipal bond interest from the taxpayer's state is tax exempt for both the Federal and state return. An "E" entered in the NAEOB column will result in the interest showing as tax exempt in both the Federal and state return. **No entry is needed in the State Adj column.**

Example 3: Municipal bond interest from a state other than the taxpayer's state is tax exempt for the Federal return but is taxable on the state return. Entering an "E" in the NAEOB column will show the entry as tax exempt for both the Federal and state returns; therefore, an adjustment has to be made in the State Adj column. Enter a "+" in the State Adj +/- column followed by the amount in the State Adj column. This action will adjust the entry in the state return

TAX TIP: Always fill in the additional interest form like there is only a Federal return. Recognize that this entry is transferred directly to the state return. Then, ask the question, is the interest treated differently on the state return. If the interest is treated differently, adjust by entering the appropriate +/- and amount in the State Adj column.

Schedule B, Ordinary Dividends

Part II: Ordinary Dividends		
5 F9 in the "Payer" or "Amount" section: for 1099-DIV facsimile; to list more than 10 items; or to list capital gain distributions, other Federal or state adjustments, and stock ownership.		
Payer. If the payer is a brokerage firm, list the firm's name as the payer.		Amount
a	ABC Mutual Fund	50.
b	DEF Stock	45.
c	.....	0.
d	.....	0.
e	.....	0.
f	.....	0.
g	.....	0.
h	.....	0.
i	.....	0.
** j	.....	0.
**The dividends from Schedules K-1 transfer to line j. If you are using the dividend statement, check here <input type="checkbox"/> AND manually enter: 0. for the taxpayer and 0. for the spouse on the statement as K-1 dividends.		
Enter any 28% gain listed on 1099-DIV(s), that is not shown as nominee dividends		0.
Subtotal		95.

Link (F9) to Dividend
Stmt-Schedule B, Line 5
Dividend Income

Dividend Statement

[illegible]

Additional Dividends Entries

TAX TIP: Note that the procedure for entering tax-exempt interest dividends on the “Dividend Stmt Dividend Income” form does not require an entry in the “Ordinary Dividends” column. Tax Exempt Dividends are entered once in the Tax Exempt column. This is different from the procedure used on the “Interest Stmt Interest Income” form where the first “Amount” column includes tax-exempt interest, and then the tax-exempt interest portion is listed again in the NAEOB column.

State Adjustment: When a state return has been selected in the Main Information Sheet, entries made in the Additional Dividends form will be treated the same on the state return. If state tax law treats the dividend differently an adjustment has to be made in the State Adj column.

Example 1: Enter dividends from direct Federal Government obligations which are fully taxable on the Federal return but tax-exempt on the state return. Entering the dividend in the Amount column will result in the dividend showing up as taxable on both the Federal and state returns. Therefore an adjustment has to be made in the State Adj column by entering a “-” and the amount. This will result in the dividend showing up as tax exempt on the state return.

TAX TIP: Always fill in the additional dividend form like there is only a Federal return. This entry is transferred directly to the state return. Then, ask the question, "Is the dividend treated differently on the state return?" If yes, adjust by entering the appropriate +/- and amount in the State Adj column.

Schedule C-EZ

US Schedule CEZ		Net Profit from Business	
This business or profession is owned by the: <input type="checkbox"/> Taxpayer <input checked="" type="checkbox"/> Spouse			
Name of proprietor:		SSN: 111-11-1111	
Part I: General Information			
You may use this form			
<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">if you</div> <div style="border: 1px solid black; padding: 5px;"> <div style="display: flex; align-items: center;"> <div style="margin-right: 5px;">>></div> <ul style="list-style-type: none"> ▪ Had business expenses of \$2,500 or less. ▪ Use the cash accounting method. ▪ Did not have an inventory at any time during the year. ▪ Did not have a net loss from this business. ▪ Had only one business as a sole proprietor. </div> </div> </div>	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">and you</div> <div style="border: 1px solid black; padding: 5px;"> <div style="display: flex; align-items: center;"> <div style="margin-right: 5px;">>></div> <ul style="list-style-type: none"> ▪ Had no employees during the year. ▪ Are not required to file Form 4562, Depreciation and Amortization, for this business. ▪ Do not deduct expenses for business use of your home. ▪ Do not have prior year unallowed passive activity losses from this business. </div> </div> </div>		
A Principal business or profession, including product or service	B Business code		
C Business name. If no separate business name, leave blank.	D Employer ID number (EIN)		
E Business address including suite or room number. Not required if the same as on Form 1040, page 1 .. Zip code, city or town, and state			
Part II: Figure Your Net Profit F9 on line 1 to use Form 1099-Misc.			
1 Gross receipts or sales. If this income was reported to you on Form W2 and the "Statutory employee" box on that form was checked, check here		0.	
2 Total expenses. If more than \$2,500, use Schedule C F9 for vehicle worksheet		0.	
3 Net profit. If less than -0-, you MUST use Schedule C		0.	
Part III: Information on Your Vehicle Complete this part only if you are claiming vehicle expenses.			
4 When did you place your vehicle in service for business purposes? (MM/DD/YYYY) ...		.....
5 Of the total number of miles you drove your vehicle during the year, enter the number of miles you used your vehicle for			
a Business:	b Commuting:	c Other:	
Check <input type="checkbox"/> to calculate business miles at the standard mileage rate of 36.0¢			
Include this amount with any other expenses you list on line 2 above		0.	
		Yes	No
6 Do you (or your spouse) have another vehicle available for personal use?		<input type="checkbox"/>	<input type="checkbox"/>
7 Was your vehicle available for use during off-duty hours?		<input type="checkbox"/>	<input type="checkbox"/>
8a Do you have evidence to support your deduction?		<input type="checkbox"/>	<input type="checkbox"/>
b If "Yes", is the evidence written?		<input type="checkbox"/>	<input type="checkbox"/>
This facsimile form is not approved for filing directly to the IRS. Print IRS form using "Print Return" or "Print Current Form".			

Sch C-EZ can only be used if these statements are true.

To find appropriate code, press F1, select Business Codes.

If taxpayer has 1099-MISC for non-employee compensation, link (F9) and select New miscellaneous income from 1099-MISC.

Once net profit is calculated, TaxWise will automatically complete Sch SE.

If mileage is calculated you must manually add the expense to the amount on Line 2.

Capital Gains and Losses						2004
Name: 					EIN: 55-9991146	
Part I: Short-term Capital Gains and Losses - Assets Held One Year or Less						
Statement available if you have more than 7 items. F9 first description.						
1	(a) Description of property	(b) Date acquired	(c) Date sold	(d) Sales price	(e) Cost or other basis	(f) Gain or loss
				0.	0.	0.
				0.	0.	0.
				0.	0.	0.
				0.	0.	0.
				0.	0.	0.
				0.	0.	0.
				0.	0.	0.
Total short-term sales				0.	0.	0.
2	Short-term gain from installment sales from Form 6252					0.
3	Short-term gain or loss from like-kind exchanges from Form 8824					0.
4	Unused capital loss carryover F9 to statement					0.
5	Net short-term capital gain or (loss)					0.
Part II: Long-term Capital Gains and Losses - Assets Held More Than One Year						
Statement available if you have more than 7 items. F9 first description.						
6	(a) Description of property	(b) Date acquired	(c) Date sold	(d) Sales price	(e) Cost or other basis	(f) Gain or loss
				0.	0.	0.
				0.	0.	0.
				0.	0.	0.
				0.	0.	0.
				0.	0.	0.

Schedule D - Capital Gains and Losses Worksheet

[illegible]

If not stated on brokerage statement, taxpayer will need to provide basis. If cost basis is zero, (such as demutualization) go back to Sch D and use F3 Key to delete red on cost basis.

1099-R-Pension and Annuity Income

US 1099-R Distributions from Profit-Sharing, Retirement Plans, IRA's, etc.		2003
This 1099-R is for the: <input type="checkbox"/> Taxpayer <input type="checkbox"/> Spouse		
<input type="checkbox"/> Check if this 1099-R is handwritten, altered, or appears not to be a true 1099-R. <input type="checkbox"/> Corrected		
Payer's ID: <- F9 for Sub 1099-R Name code: 	1 Gross (RRB line 7) 0.	Taxable amount not determined
Payer's name Foreign payer - See F1 Help. Payer's care of name. Use % for care of. Payer's address Payer's Zip code, city, and state	2 Taxable amount 0.	Total distribution ... Elect 10 averaging ..
	3 Capital gain in line 2 0.	4 Federal tax withheld 0.
	5 Employee contribution or insurance premiums 0.	6 Net unrealized appreciation in employer's securities 0.
Recipient's social security number: 111-11-1111		
Recipient's name Recipient's address	7 Codes IRA / SEP / Simple ..	8 Other 0.0 % 0.
	Check if disability and the taxpayer is disabled ...	
	Check to force Form 5329 - See F1 Help	
Account number (optional)	9a Percentage of total distribution 0.0 %	9b Total employee contributions 0.
See F1 Help on the state return for use of these boxes. Instructions vary by state. Check if applies. Box 1 Box 2 Box 3 Railroad retirement	10 State tax 0.	11 State and state ID no.
	12 State distribution 0.	
	13 Local tax 0.	14 Locality name
	15 Local distribution 0.	
	..... 0.	..... 0.
Exclusion Worksheet		
1 Amount rolled over 0. 2 Excludable amount due to a tax-free exchange; as calculated in a previous year; or by law, is specifically tax-exempt 0. * If the distribution is from a traditional, SEP, or SIMPLE IRA and you ever made nondeductible IRA contributions, check If part of this distribution was converted to a Roth IRA, also check the box below and enter the amount converted 0. * If this is a conversion from a traditional IRA to a Roth IRA, check		
Simplified General Rule		
1 Cost in the plan at the annuity starting date (RRB line 3) 0. 2 Check age of primary annuitant at annuity starting date <input type="checkbox"/> 55 and under <input type="checkbox"/> 56-60 <input type="checkbox"/> 61-65 <input type="checkbox"/> 66-70 <input type="checkbox"/> 71 and older <input type="checkbox"/> Check if the annuity starting date is after 11/18/1996. <input type="checkbox"/> Check if the annuity starting date is after 12/31/1997 and this is a joint and survivor annuity. Use table below. Check combined age of annuitants at annuity starting date: <input type="checkbox"/> 110 and under <input type="checkbox"/> 111-120 <input type="checkbox"/> 121-130 <input type="checkbox"/> 131-140 <input type="checkbox"/> 141 or more 3 Exclusion per month 0.00 4 Number of months for which payments were received this year 0 5 If the annuity started after 1986, enter the amount recovered tax free in prior years 0. 6 Exclusion 0. 7 Remaining cost in the pension or annuity 0.		

Complete TaxWise version of 1099-R using information from TP's Form 1099-R or Form RRB-1099-R. Make sure the paper and electronic version match.

This worksheet is used to recover taxpayer's original contributions. The employee contributions are shown in Box 5 or 9b on Form 1099-R or Form RRB-1099-R. For CSA Form 1099-R use the original contribution box.

Taxpayer must have the recovered tax free amount or last year's tax return.

RAILROAD RETIREMENT, CIVIL SERVICE, AND SOCIAL SECURITY BENEFITS

Form RRB-1099-R—Non-Social Security Equivalent Benefits (NSSEB)—NSSEB includes all Tier 1 and Tier 2 Railroad Benefits not included on Form RRB-1099. It should be treated the same as any other qualified employee retirement plan.

Enter RRB 1099-R data on TaxWise Form 1099-R as follows:

Box	From RRB-1099-R	To TaxWise
3	Employee Contributions	1099-R Box 9b and Line 1 of Simplified General Rule Section
7	Gross Distribution	1099-R Box 1
9	Federal Income Tax Withheld	1099-R Box 4
12	Medicare Premium Total	Sch A—Detail—If itemizing deductions

Complete TaxWise Form 1099-R as follows:

- Click on Box 2b—“Taxable amount not determined”
- A distribution Code (box 7) is not required for NSSEB
- Complete “Simplified General Rule” section if applicable
- “X” the **Railroad retirement** Box to the left of block 13 for Railroad pensions that qualify for subtraction on state returns.

CSA Form 1099-R—Civil Service Retirement Benefits—The Office of Personnel Management issues CSA Form 1099-R for annuities paid or CSF Form 1099-R for survivor annuities paid. These forms do not have box numbers like other Forms 1099-R. Refer to the table below for proper treatment of the amounts reported on CSA or CSF Form 1099-R.

CSA Form 1099-R	TaxWise Entries
Original Contributions	1099-R box 9b and line 1 of Simplified General Rule section
Gross Annuity Amount	1099-R box 1
Federal Income Tax Withheld	1099-R box 4
Health Insurance Premium	Sch A—Detail—if itemizing deductions
State Tax Withheld	1099-R box 10

Form RRB-1099—Tier 1 Social Security Equivalent Benefits (SSEB)—Treat the benefits reported on this form just like the information reported on SSA Form 1099.

SSA Form 1099—Social Security Benefit Statement—The Social Security Administration issues SSA Form 1099 to report benefits paid. Use the following procedures for entering this information into TaxWise:

- From Form 1040, Line 20, link (F9) to 1040 Wkt 1
- Scroll to Social Security and Railroad Tier 1 Benefits section
- “Social Security Received This Year”—Enter SSA Form 1099 Box 5 amount or RRB Form 1099 Box 5 amount
- “Medicare to Schedule A”—Enter SSA Form 1099 Medical Premium amount or RRB Form 1099 Box 11 amount
- “Federal Tax Withheld”—Enter SSA Form 1099 Box 6 amount or RRB Form 1099 Box 10 amount

Schedule E-Rental Income and Loss FOR MILITARY ONLY

US Schedule E Supplemental Income and Loss

Name: Vita Site SSN: 111-11-1111

Part I: Income or Loss From Rental Real Estate and Royalties

Note: If you are in the business of renting personal property, use Schedule C. Report farm rental income or loss from Form 4835 on page 2, line 39.

If any of these properties are part-year rental, part rental and part personal, such as a duplex, or a personal use unit, such as a vacation home, F9 on the "Kind" of property, A or B, to use a worksheet.

* K-1 royalty information transfers to column C of lines 1 and 4.

In the State column, enter the state in which the property is located, if different from the state of ... CA

1 Show the kind and location of each rental real estate property.

Kind	Location	Check if royalty	TSJ	State
A				
B				
*C				

2 For each rental real estate property listed, did you or your family use it during the tax year for personal purposes for more than the greater of

- 14 days or
- 10% of the total days rented at fair rental value? If "Yes", see instructions above.

	Yes	No
A		
B		
C		

Income	Properties			Totals
	A	B	C	
Rents received	0.	0.	0.	
Royalties received	0.	0.	0.	
3 Rents. F9 for 1099-Misc	0.	0.	0.	0.
*4 Royalties. F9 for 1099-Misc	0.	0.	0.	0.

Enter rent received

If 1099-MISC received for rental income, link (F9) to New Miscellaneous Income from 1099-MISC.

Use Sch E to report rental income only when taxpayer is NOT in the business of renting property.

Use separate columns for each rental property.

Expenses	A	B	C	Totals
5 Advertising	0.	0.	0.	
6 Auto and travel	0.	0.	0.	
7 Cleaning and maintenance	0.	0.	0.	
8 Commissions	0.	0.	0.	
9 Insurance	0.	0.	0.	
10 Legal and other professional fees	0.	0.	0.	
11 Management fees	0.	0.	0.	
12 Mortgage interest paid to banks, etc	0.	0.	0.	0.
13 Other interest	0.	0.	0.	
14 Repairs	0.	0.	0.	
15 Supplies	0.	0.	0.	
16 Taxes	0.	0.	0.	
17 Utilities	0.	0.	0.	
Other. Statement available. F9 below.				
18	0.	0.	0.	
	0.	0.	0.	
	0.	0.	0.	
	0.	0.	0.	
**	0.	0.	0.	
Total of line 18	0.	0.	0.	
**Amortization and part-rental worksheet expenses transfer here. If you are using the statement, check <input type="checkbox"/> AND manually enter these amounts on the statement				
	0.	0.	0.	
19 Add lines 5 through 18	0.	0.	0.	0.
20 Depreciation expense or depletion.				
F9 for Form 4562 for depreciation	8272.	0.	0.	8272.
21 Total. Add lines 19 and 20	8272.	0.	0.	
22 Income or (loss) from rental real estate	-8272.	0.	0.	
23 Deductible rental real estate loss	0.	0.	0.	

Can deduct hazard insurance (not home owners) as reported on 1098.

most common entries:

- home owners association fee
- telephone bills

Link (F9) to Form 4562 (see page 38)

Form 1040-Adjustments To Income

Adjustments to Income		* Worksheets available. F9 on the entry.	
23	Deduction for clean-fuel vehicles	0.	
24	Certain business expenses of reservists, qualified performing artists, and fee-based government officials. Form 2106 or 2106-EZ	0.	
25	IRA deduction	0.	*
26	Student loan interest deduction	0.	*
27	Tuition and fees deduction	0.	*
28	Health savings account deduction. Form 8889	0.	
29	Moving expense. Form 3903	0.	
30	One-half of self-employment tax	0.	
31	Self-employed health insurance deduction	0.	*
32	Self-employed SEP, SIMPLE, and qualified plans	0.	*
33	Penalty on early withdrawal of savings F9 to Schedule B	0.	
34	Alimony paid. Statement available. F9 on "Recipient's SSN" below.		
	Recipient's SSN: and amount |	0.	
	Other: Reforestation	0.	
	Sub-pay (Trade Act)	0.	
	Jury duty pay turned in to your employer	0.	
	501(c)18 pension plan	0.	
	PPR	0.	
	Form 2555, line 48	0.	
	Archer MSA deduction. Form 8853	0.	
35	Total adjustments	0.	
36	Adjusted gross income	0.	

This facsimile form is not approved for filing directly to the IRS.
Print IRS form using "Print Return" or "Print Current Form".

To Complete this section:

Link (F9) to IRA wkt

Link (F9) to 1040 wkt2

Link (F9) to 1040 wkt2. It may be to the taxpayer's advantage to take a Hope or lifetime learning credit (see page 57). Check both ways when return is completed.

Link (F9) to Form 3903

Link (F9) to Alimony paid

Form 1040, Page 2-Deductions

Name: <input type="text"/>		SSN: 335-99-1146	
Taxable Income and Tax			
37	Amount from line 36 (adjusted gross income)		0
38a	Taxpayer: <input type="checkbox"/> 65 or older <input type="checkbox"/> Blind; Spouse: <input type="checkbox"/> 65 or older <input type="checkbox"/> Blind Total boxes checked	0	
b	If you are married filing separately and your spouse itemizes deductions, or you are a dual-status alien, check here <input type="checkbox"/> or F3 <input type="checkbox"/>		
39	Itemized deductions or standard deduction. If you elect to itemize deductions even though the standard deduction is larger, check here <input type="checkbox"/> If you were or are a resident of Puerto Rico and are excluding Puerto Rico income, or you are excluding income on Form 4563, check here (section 933) <input type="checkbox"/>	9700	
40	Subtract line 39 from line 37	-9700	
41	If line 37 is \$107,025, married filing separately; \$142,700, single; \$178,350 head of household; \$214,050, married filing jointly or qualifying widow(er), multiply the exemptions on line 6d by \$3,100. If line 37 is more than the amounts listed above, the exemption amount is reduced	3100	
42	Taxable income	0	
43	Tax. Calculated from <input checked="" type="checkbox"/> the tax table or schedule <input type="checkbox"/> Form 8615 <input type="checkbox"/> Schedule D Tax Worksheet <input type="checkbox"/> Schedule J	0.	
	Check if any tax is from: <input type="checkbox"/> Form(s) 8814 <input type="checkbox"/> Form 4972	0.	
	Education credit recapture amount	0.	0
44	Alternative minimum tax. Attach Form 6251	0	0

If itemizing deductions, link (F9) to Sch. A Itemized Deductions (see page 52)

Schedule A-Itemized Deductions

US Schedule A

Itemized Deductions

2003

Name: **JOE TEST**

SSN: **111-11-1111**

For faster data entry, use the Page Down key.

Medical and Dental Expenses

1	Unreimbursed medical and dental expenses	0.	
2	Amount from Form 1040, line 35	0.	
3	Multiply line 2 by 7.5%	0.	
4	Subtract line 3 from line 1		0.

Taxes You Paid

5	State and local income taxes. To list amounts paid in 2003 for previous years' returns, see the F/S Tax Paid worksheet	0.	
6	Real estate tax remainder from Form 8829	0.	
	Real estate tax remainder from part rental worksheets	0.	
	Real estate taxes on your principal residence, not listed above	0.	
	Other real estate taxes you paid, not listed elsewhere in this tax return	0.	0.
7	Personal property tax remainder from business vehicle worksheet	0.	
	Personal property taxes, not listed above	0.	0.
8	Other taxes. Statement available. F9 on "Type" below. Type Amount	0.	0.
9	Add lines 5 through 8		0.

Interest You Paid

10	Home mortgage interest remainder from Form 8829	0.	
	Home mortgage interest remainder from part rental worksheets	0.	
	Form 8396 credit, if applicable	0.	
	Home mortgage interest and points from Form 1098, not listed above	0.	0.
11	Home mortgage interest not reported on Form 1098. If paid to an individual, show the person's name, ID number, and address. Statement available. F9 on "Individual's name". Individual's name Amount	0.	0.
12	Points not reported on Form 1098	0.	0.
13	Investment interest. Attach Form 4952, if required	0.	
14	Add lines 10 through 13		0.

Enter amount from Form 1098, box 1 (and box 2, if applicable)

Loan origination fee from closing statement can be entered here if not included as points on Line 10.

Gifts to Charity If you are using Form 8283, list all contributions on the A Detail sheet.

15	Gifts by cash or check	0.	
16	Other than by cash or check	0.	
17	Carryover from prior year	0.	
18	Add lines 15 through 17		0.

Schedule A-Itemized Deductions (cont)

MILITARY ONLY

Link (F9) to 2106 or 2106EZ

19	Casualty or theft loss(es). Attach Form 4684		0.
Job Expenses and Most Other Miscellaneous Deductions			
You will need to override the following entries for items not requiring a form.			
20	Unreimbursed employee expenses - job travel, union dues, job education, etc. Statement available. F9 on "Type" below.		
	Type * Amount	0.	0.
* Forms 2106 and 2106EZ transfer to this line. If you are using a statement, check here <input type="checkbox"/> AND manually enter: 0.			
	Line 20 amount for state returns	0.	
21	Tax preparation fees		0.
22	Other expenses - investment expense, safe deposit box, etc. Statement available. F9 on "Type" below.		
	Type Amount	0.	0.
	..... **	0.	0.
** Schedules K-1 and Forms 4684 and 4797 amounts transfer here. If you are using a statement, check here <input type="checkbox"/> AND manually enter: 0. on the statement.			
23	Add lines 20 through 22		0.
24	Amount from Form 1040, line 35	0.	
25	Multiply line 24 by 2%		0.
26	Subtract line 25 from line 23		0.
	Line 26 amount for state returns	0.	
Other Miscellaneous Deductions			
27	Statement available. F9 on "Type" below. Clearly mark gambling losses.		
	Type *** Amount	0.	0.
*** Schedules K-1, Forms 4684, 2106, 2106EZ, and W2G losses add in here. If your are using a statement, check here <input type="checkbox"/> AND manually enter: 0. on the statement.			
	Line 27 amount for state returns	0.	

Link (F9) to misc deductions
Sch A Line 22

Itemized Deductions Detail Worksheet

US Schedule A		Itemized Deduction Detail Worksheet		2002
Name: testing kim		SSN: 223-99-1146		
If you need more worksheets, F9 on the additional worksheet entry in each category below.				
<p>Medical Expenses Prescription medicines, legally obtained drugs, insulin, doctors, dentists, nurses, eyeglasses, health insurance premiums, transportation for medical treatment. Do not list amounts paid with pre-tax dollars or reimbursed.</p> <p style="text-align: right;">Medical miles: 0 x .13 = 0.</p>				
<p>Insurance premiums paid (not pre-tax) health, dental, cancer. Omit amounts used on Form 8885.</p> <p>Taxpayer 0.</p> <p>Spouse 0.</p> <p>Qualified long term care contracts See Shift F1 Help for limits.</p> <p>Taxpayer 0.</p> <p>Spouse 0.</p> <p>Other medical expenses</p> <div style="border: 1px solid black; height: 40px; width: 100%;"></div>	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	<p>Medicare from 1040 worksheet 0.</p> <p>Remainder from worksheets</p> <p>Self-employed health insurance</p> <p>Taxpayer 0.</p> <p>Spouse 0.</p> <p>Self-employed long term care</p> <p>Taxpayer 0.</p> <p>Spouse 0.</p> <p>F9 for additional worksheets 0.</p> <p>Total 0.</p>	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	
<p>Contributions to Charity If contributions exceed 20% of the AGI: 0., list each contribution in the proper category below (50%, 30%, etc). Otherwise, the only sort required is cash and other than cash contributions. Gifts of \$250 or more must be receipted.</p>				
<p>Cash Contributions</p>				
50% Limit Organizations		Charitable miles: 0 x .14 = 0.		
<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	
<div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border: 1px solid black; height: 20px; width: 100%;"></div>	
<div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border: 1px solid black; height: 20px; width: 100%;"></div>	

Nonrefundable Credits

Nonrefundable Credits		
46	Child and dependent care credit. Form 2441	0.
47	Elderly or disabled credit. Schedule R	0.
48	Education credits. Form 8863	0.
49	Credits from: <input type="checkbox"/> Form 8396 <input type="checkbox"/> Form 8859	0.
50	Foreign tax credit. Form 1116, if required	0.
51	Child tax credit	0.
52	Retirement savings contribution credit. Form 8880	0.
53	Adoption credit. Form 8839	0.
54	Other credits. Check applicable box(es). <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form 8801 <input type="checkbox"/> Form Nonconventional source fuel credit. Explanation is required. F9 to explain: and enter amount FNS credit from Schedules K-1 FNS credit allowed and included in line 54 amount	0. 0. 0.
55	Total credits. Add lines 46 through 54	0.
56	Subtract line 55 from line 45	0.

Link (F9) to 2441,
pg 1, (see page 56)

Link (F9) to New
Sch. R, pg 2

Link (F9) to New
8863, (see page 57)

Link (F9) to New
1116, pg 1 Foreign
Tax Credit, pg 1
(see page 58)

Link (F9) to 8880
(see page 58)

TaxWise
Nonrefundable
Credits

Form 2441-Credit For Child And Dependent Care Expenses

US 2441		Credit for Child and Dependent Care Expenses			
Use this Form 2441 for Form 1040A, Schedule 2. All entries will transfer to Schedule 2.					
Name: 		SSN: 111-11-1111			
Part I: Persons or Organizations Who Provided the Care					
<p>If you have more than 2 care providers, you must list all on statements. Two statements are required. One statement lists names and addresses. The other statement is for SSN or EIN of the care provider and the amount paid to each. Do not use hyphens in SSN or EIN.</p> <p>If you cannot get an ID number for the provider, enter "See Pg 2" in SSN or EIN section and explain on page 2. You cannot e-file unless you have a SSN or EIN for the care provider.</p>					
1 (a) Care provider's name	(b) Street address City, state, and Zip code	(c) ID number SSN or EIN	(d) Amount paid		
Code: 		EIN? <input type="checkbox"/> Type: <input type="checkbox"/>	0.		
Code: 		EIN? <input type="checkbox"/> Type: <input type="checkbox"/>	0.		
Total of the line 1 amounts			0.		
Part II: Credit for Child and Dependent Care Expenses					
<p>2 Information about your qualifying person(s).</p> <p>To qualify the persons must have shared the same home with you in 2003. If you received dependent care benefits from your employer, fill in page 2 of this schedule.</p> <p>Only list below those expenses not excluded on page 2. Total not excluded on page 2 0.</p>					
(a) Qualifying person's name Statement available. F9 on "First name" below. First name Last name	(b) Social security number	(c) Qualified expenses + See below.			
 		0.			
* Qualified expenses are those you incurred and PAID in 2003.		0.			
Total of the line 2 amounts			0.		
<p>3 Smaller of line 2, \$3,000 for 1 qualifying person, or \$6,000 for 2 or more persons. If you completed Part III, enter the amount from line 26</p> <p>4 Your earned income</p> <p>5 If married filing a joint return, your spouse's earned income; all others, the amount from line 4</p> <p>6 Smallest of lines 3, 4, or 5</p> <p>7 Amount from Form 1040, line 35</p> <p>8 Amount applicable to the amount on line 7</p> <p>If you paid, in 2003, dependent care expenses incurred in a prior year, enter the amount of credit based on the rate that applied for that year and explain, F9</p> <p>Also enter qualifying person's name and social security number</p> <p>9 Multiply line 6 by the decimal amount on line 8, plus prior year amounts shown above</p> <p>10 Amount from Form 1040, line 43, minus any amount on Form 1040, line 44</p> <p>11 Credit for child and dependent expenses. Smaller of line 9 or line 10</p>			0. 0. 0. 0. 0. 0.35 0. 0. 0.		
<p style="text-align: center;">Worksheet for Income Considered Earned by Disabled or Student Spouse</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;"> <p>If you have 1 qualifying person</p> <p>\$250</p> <p>x months spouse was a student or disabled</p> <p>\$ 0.</p> </td> <td style="width: 50%; padding: 5px;"> <p>If you have two or more qualifying persons</p> <p>\$500</p> <p>x months spouse was a student or disabled</p> <p>\$ 0.</p> </td> </tr> </table> <p>Check if the care listed above was for a disabled spouse <input type="checkbox"/></p>				<p>If you have 1 qualifying person</p> <p>\$250</p> <p>x months spouse was a student or disabled</p> <p>\$ 0.</p>	<p>If you have two or more qualifying persons</p> <p>\$500</p> <p>x months spouse was a student or disabled</p> <p>\$ 0.</p>
<p>If you have 1 qualifying person</p> <p>\$250</p> <p>x months spouse was a student or disabled</p> <p>\$ 0.</p>	<p>If you have two or more qualifying persons</p> <p>\$500</p> <p>x months spouse was a student or disabled</p> <p>\$ 0.</p>				
<p>This facsimile form is not approved for filing directly to the IRS.</p> <p>Print IRS form using "Print Return" or "Print Current Form".</p>					

Follow the onscreen TaxWise instructions when the taxpayer has more than two care providers.

If more than 2 children with dependent care expenses, Link to Qualifying Form 2441, Line 2 and complete all fields for each qualifying child.

If spouse is disabled or full time student, enter the number of months.

Form 8863-Education Credits

It may be more desirable to take a tuition and fees deduction as an adjustment to income on Form 1040, line 27. Check both ways after the return is completed to determine which is best for the taxpayer.

US 8863		Education Credits				
Name: Vita Site			SSN: 111-11-1111			
Note: These credits are NOT available if you are a dependent of another or married filing separately. You cannot take the Hope credit and the Lifetime Learning credit for the same student. You cannot take the tuition and fees deduction on page 1 of Forms 1040 or 1040A and these credits for the same student.						
Part I: Hope Credit						
The Hope Credit is available for two taxable years only. Those two years must be the first two years of postsecondary education, generally the freshman and sophomore years of college.						
1	(a) Student's name as shown on page 1 of this tax return. First name and last name	(b) Student's social security number	(c) Qualified expenses but not more than \$2,000 per student	(d) Smaller of column c or \$1,000	(e) Subtract column d from column c	(f) One-half of the amount in column e
			0.	0.	0.	0.
			0.	0.	0.	0.
			0.	0.	0.	0.
2	Add amounts in columns (d) and (f)			0.		0.
3	Add the amounts on line 2 columns (d) and (f)					0.
Part II: Lifetime Learning Credit						
4	Caution: You cannot take the Hope credit and the Lifetime learning credit for the same student.			(b) Student's social security number	(c) Qualified expenses	
	(a) Student's name as shown on page 1 of your tax return First name Last name					

For both Hope and lifetime learning credit, enter qualified student's name, SSN, and qualified expenses software will calculate the credit.

Form 1116-Foreign Tax Credit

US 1116		Foreign Tax Credit	
Name: Vita Site		SSN: 111-11-1111	
Simplified Limitation Election The simplified method cannot be used if you file Form 4563 or exclude income from Puerto Rico. If your only foreign source income is passive income (dividends, interest, royalties, etc.) that is reported to you on a payee statement (such as Forms 1099-DIV or 1099-INT) and your qualified foreign taxes are not more than \$300 (\$600 if married filing jointly), you do not need to fill out this form. You can enter the foreign tax amount here: 0. or directly on Forms 1040 or 1040NR. By making this election, you forego any carryover of excess foreign taxes to or from a taxable year to which this election applies and this election applies to all later tax years and can only be revoked with IRS consent. Enter the amount of foreign income on Schedules B or E, as applicable and also on line 16 of Form 1116AMT.			
Check only one box. Use a separate Form 1116 for each category of income.			
a <input type="checkbox"/> Passive income b <input type="checkbox"/> High withholding tax interest c <input type="checkbox"/> Financial services income d <input type="checkbox"/> Shipping income	e <input type="checkbox"/> Dividends from a DISC or former DISC f <input type="checkbox"/> Certain distributions from a foreign sales corporation (FSC) or former FSC	g <input type="checkbox"/> Lump sum distributions h <input type="checkbox"/> Section 901(j) income i <input type="checkbox"/> Income re-sourced by treaty j <input type="checkbox"/> General limitation income	
k Resident of (name of country):			
Part I: Taxable Income or Loss from Sources Outside United States for Category Above			
I Name of country or possession. Limit to 10 characters for printing.			
A	B	C	
1 Gross income from country Type: Ordinary income	A 0.	B 0.	C 0.
	Total 0.		

If qualified foreign taxes are \$300 (\$600 if MFJ) or less and the income is from interest, dividends, royalties, etc., enter the amount here only.

Do not complete the rest of the form.

FOR MILITARY ONLY

If the foreign tax is not passive and greater than \$300 (\$600 if MFJ) complete Form 1116. Read each line carefully and enter all applicable information.

Retirement Savings Contributions Credit

TaxWise will automatically insert Form 8880, Credit for Qualified Retirement Savings Contributions, if the taxpayer meets eligibility criteria and any of the following are true:

1. A traditional IRA contribution is entered on Form 1040, Line 25.
2. The taxpayer or spouse Form W-2 includes Box 12 entries of D, E, F, G, H, or S.

The Form 8880 will have a red exclamation point and will need to be completed prior to return completion.

Verify total contribution amounts with the taxpayer.

If the taxpayer contributed to a Roth IRA only:

1. Link to IRA worksheet from Form 1040, Line 25.
2. Enter Roth contributions on worksheet, line 20.
3. Close form.
4. Open Form 8880 and complete any red entries.

Form 1040, Page 2-Other Taxes and Payments

Other Taxes			
57	Self-employment tax	(Form 4029 <input type="checkbox"/> Form 4361 <input type="checkbox"/> Exempt Notary <input type="checkbox"/>)	0.
58	Social security and Medicare tax on tip income not reported to employer	(RRTA <input type="checkbox"/>)	0.
59	Additional tax on qualified plans, IRAs, and other tax-favored accounts		0.
60	Advance earned income credit payments from Form(s) W2		0.
61	Household employment taxes. Schedule H		0.
Other taxes:			
	UT:	MSA:	72M5:
	EPP:	S453A:	S72P:
	ADT:	4255:	8828:
	IECR:	QEVC:	8866:
	MED&MSA:	8697:	8611:
	ECCFR:	HSA:	
Form 8693 attached for Form 8611. Enter date approved:			
Write-in:			
62	Total tax. Add lines 56 through 61		0.
Payments			
63	Federal income tax withheld	(Form 1099 <input type="checkbox"/>)	0.
64	2004 estimated tax paid and amount applied from 2003 return		0.
If estimated tax was paid in joint names and you are now divorced, enter ex-spouse's SSN: and check here			
65	Earned income credit	(No <input type="checkbox"/>)	0.
66	Excess social security and tier 1 RRTA tax withheld		0.
67	Additional child tax credit. Form 8812		0.
68	Amount paid with request for extension of time to file		0.
69	Other payments from: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Form 8885		0.
From Form 8689			
70	Total payments. Add lines 63 through 69		0.

Entered automatically from Sch SE

Entered automatically from Form W-2

Volunteers do not prepare returns with these taxes

Entered automatically from Form W-2 or Form 1099-R

Link (F9) to F/S TaxPaid 2003 Federal Estimate/State Payment

Calculated automatically

Sch EIC will be completed automatically. Amount will calculate based on previous entries. Sch EIC wkt will appear in forms tree with red exclamation mark.

Schedule EIC—Worksheet

Complete only those questions in red.

US Schedule EIC		Earned Income Credit Worksheet	
Name: Vita Site		SSN: 111-11-1111	
Questions to see if you can claim the earned income credit			
<p>1 Is your filing status married filing separately? <input type="checkbox"/> Yes - STOP. You cannot take the credit <input checked="" type="checkbox"/> No - Go to question 2.</p> <p>2 Were you or your spouse a qualifying EIC child of another person in 2002? <input type="checkbox"/> Yes - STOP. You cannot take the credit <input type="checkbox"/> No - Go to question 3.</p> <p>3 Was your home in the United States for more than half of the year 2002? <input type="checkbox"/> No - STOP. You cannot take the credit <input type="checkbox"/> Yes - Go to question 4.</p> <p>4 Is your disqualified income (taxable and tax-exempt interest, dividends, net rent, and royalty income, capital gains, and passive income = 160.) over \$2,550? <input type="checkbox"/> Yes - STOP. You cannot take the credit <input checked="" type="checkbox"/> No - Go to question 5.</p> <p>5 Do you have at least one qualifying child? <input type="checkbox"/> Yes - Go to question 5a <input checked="" type="checkbox"/> No - Go to question 8.</p>			
Qualifying children listed on Schedule EIC .....		.....
<p>5a If the child is not married, check "Yes". If the child is married, is the taxpayer claiming the child as a dependent? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes", go to question 5b.</p> <p>b Could any other person claim this child for EIC? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes", continue.</p> <p>c Enter the child's relationship to the other person(s)</p> <p>d Is the other person(s) claiming the EIC based on the child? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>e If the tie-breaker rules applied, would the child be treated as the taxpayer's qualifying child? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	
<p>If you took EIC on your 2001 income tax return, was the EIC reduced or disallowed for any reason other than a math or clerical error? If you did not take EIC on your 2001 tax return, check "No" <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes", Form 8862 needs to be filed with the tax return.</p>			
Questions 6 and 7 apply to taxpayers having qualifying children.			
<p>6 Is the total of your taxable earned income less than \$29,201 (\$30,201 if married filing jointly) if you</p>			

Completing an E-file Return

1. Complete state forms, if applicable.
2. Finish incomplete forms (get the red out).
 - a. Look in tree for forms with red exclamation marks.
 - b. Open form and look for red entries then complete.
3. Check return. Press **F7** to see Tax Return Summary.
 - a. Review with taxpayer. Click **OK** to close the summary.
 - b. If taxpayer agrees to Self Select PIN, return to the Main Information Screen and complete the Self Select PIN information.
4. See page 67 for balance due issues and payments.
5. Run Diagnostics.
 - a. Review warnings to see if any changes are needed.
 - b. If there are any electronic filing errors, click on red text to open the form where the error occurred, make corrections, and rerun diagnostics.
 - c. When there are no electronic errors, click **e-file** button to create the IRS electronic return file.
6. Quality Review. (The quality review can be done either here or after printing.) If errors are found, correct, rerun diagnostics, and recreate e-file.
7. Print return, include three copies of Form 8453 if Self Select PIN is not used.
8. Collate return and review with taxpayer.
9. Obtain taxpayer original signature on Forms 8453 prior to transmission unless Self Select PIN is used. If the return is a joint return, advise the taxpayer that it will not be electronically transmitted until both signatures are entered.

SELF SELECT PIN GUIDELINES

VITA/TCE is only authorized to use the Self Select PIN program and not the Practitioner PIN program.

Procedure: The tax return should be completed before deciding to use the Self Select PIN program. After the return is completed return to the Main Information Sheet and see if the return qualifies for Self Select PIN. If the return qualifies and the taxpayer(s) agree to the electronic signature complete the information on the Main Information Sheet.

Definition: The Self-Select PIN is any five numbers a taxpayer chooses to enter as their electronic signature. (A convenient suggestion is to use their Zip code.) The number cannot begin with a zero or be all zeros. A PIN is needed for each taxpayer if filing a joint return. They do not need to register the PIN with the IRS before filing; contact the IRS to get one or remember the number. Some states also participate in this program.

Eligibility: Eligible individuals are those who filed Form 1040, 1040A, 1040EZ or used TeleFile the previous year or individuals who did not file a tax return in the previous year and are 16 years old or older by December 31, 2004 are eligible. It is recommended that Self Select PIN not be used unless the taxpayer brings in their previous year's return.

Not Eligible: Taxpayers whose returns require attachments other than Forms W-2, W-2G, or 1099R are not eligible. This includes Form 8283 if using Part B and Form 8332, Release of Claim of Exemption, and taxpayers who filed Forms 1040-NR, 1040-PR, or 1040-SS for 2003 and returns for deceased taxpayers.

How it Works: To electronically sign the return, the Taxpayer and Spouse (if joint return) each enter a PIN from the keyboard. **The tax preparer is not authorized to enter the PIN for them.** If unable to enter a PIN for any reason, such as only one Taxpayer being present, then Forms 8453 must be prepared.

Verification: The taxpayers' personal information including Social Security Number(s), date of birth(s) and original adjusted gross income from the 2003 tax return must be entered. The IRS uses this information to verify the return.

For Taxpayers who didn't file in 2003: Enter zero ("0") for the adjusted gross income. Do not leave this field blank.

Distributing Copies of Returns

Taxpayer

- Form 1040 with all forms/schedules including Form 8453, if self select PIN is not used.
- Form 8332, if applicable
- Original Power of Attorney, if applicable
- All other taxpayer documents including Forms W-2 and Forms 1099
- If self select PIN is used, no other distribution of forms is needed. Otherwise complete the following:

IRS Processing Center

- Form 8453 with original signature
- Copy of Form 8332, if applicable
- Copy of Power of Attorney, if applicable
- Any other required attachments

IRS SPEC Territory Office as directed

- Form 8453 with original signature
- Form 8332, if applicable
- Copy of Power of Attorney, if applicable
- Copy Forms 1099, if required, and Forms W-2
- Any other required attachments

Return Signature

A return is not considered a valid return unless it is signed. Both spouses must sign if the return is filed jointly. The return should be dated and the occupation lines should be completed.

Child's Return

If a child cannot sign his or her name, the parent or guardian can sign the child's name in the space provided followed by the words "By (parent or guardian signature), parent or guardian for minor child."

Deceased Taxpayer

If a taxpayer died before filing the return, the taxpayer's spouse or personal representative may have to file and sign a return for the person who died. A personal representative can be an executor, administrator, or anyone who is in charge of the decedent's property.

If the taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund.

Filing Returns of Deceased Taxpayers

If filing a paper return, write "Deceased," the decedent's name, and the date of death across the top of the tax return.

If the spouse died during the year and the surviving spouse did not remarry, a joint return can be filed. Write "Filing as surviving spouse" in the area where the taxpayer would have signed. If someone else is the personal representative, he or she must also sign.

Claiming a Refund for a Deceased Person

If a surviving spouse is filing a joint return with the decedent, file the tax return to claim the refund. Court appointed representatives should file the return and attach a copy of the certificate that shows their appointment. All other filers requesting the decedent's refund should file the return and attach Form 1310.

Pointers for Direct Deposit of Refunds

- Using a voided check as proof of account, verify:
 - Routing Transit Number (RTN).** The RTN must contain 9 digits and begin with 01 through 12 **or** 21 through 32.
 - Depositor Account Number (DAN).** The DAN can be up to 17 characters. Omit spaces, the actual check number, special symbols, and the dollar amounts on canceled checks.
- Double check the RTN of the financial institution **before** the return is transmitted **if**:
 - You are unfamiliar with the financial institution. (Some types of accounts that exist through brokerage firms cannot accept Direct Deposits.)
 - The RTN is for a credit union, which is payable through another financial institution. The taxpayer should contact their credit union for the correct RTN.
- Entering the incorrect RTN and/or DAN will result in a 4-6 week delay of the refund! If the Direct Deposit is voided, a paper check will automatically be mailed to the address on the electronic tax form.



Caution: Financial institutions generally do not allow a joint refund to be deposited into an individual account. The IRS is not responsible if a financial institution refuses a Direct Deposit.

Note: The routing and account numbers may be in different places on the check.

Paul Maple
Deborah Maple
 1234 Windy Oaks Drive
 Anytown, MD 20000

PAY TO THE ORDER OF _____ \$

_____ 19 _____

ANYTOWN BANK
 Anytown, MD 20000

For _____

Routing Number **Account Number**

Do Not include the check number

1234

15-0000-0000

: 250250025 : 20202086 1234

Balance Due Returns—File Now, Pay Later...

Payment Options

Explain to the taxpayer that the tax return will be filed now and that payment of the taxes due should be made no later than April 15.

There are *three* payment options available:

1. Send payment with Form 1040-V Option

Form 1040-V, Payment Voucher, is generated by the *e-file* software when the tax return results in a balance due.



Caution: Do not attach payment or Form 1040-V to the taxpayer's Form 8453.

Advise the taxpayer to:

- Make the check or money order payable to the U.S. Treasury. Do **not** send cash.
- Print the primary SSN shown on the tax return, a daytime telephone number, and “2004 Form 1040” on the check or money order.
- Put the payment and the voucher *loose* (not stapled together) in the mailing envelope.
- Mail the payment and the Form 1040-V to the appropriate address.

2. Direct Debit Option

This option works like Direct Deposit for refund returns. The bank account information can be included in the electronic return, authorizing the Treasury to debit the taxpayer's account through the Automated Clearing House (ACH) system.

There is no fee for the Direct Debit transaction. The taxpayer designates the date that the debit will occur, which can be as late as April 15, 2005.

3. Credit Card (Pay-by-Phone) Option

The taxpayers may make payment via an interactive voice response system for balance due 1040 series returns, estimated taxes (1040ES), and extensions of time to file (Form 4868). The touch tone option is available 24 hours a day, 7 days a week.

The taxpayer can call **Official Payments Corp. at 1-888-2PAY-TAX or Phone Charge, Inc. at 1-888-ALL-TAXX** and will be prompted to enter a *jurisdiction code of 1040* to select a federal payment option. The taxpayer will continue following the prompts to provide the necessary information including their TIN, credit card number and expiration date.

IRS does not directly accept the credit card payment and is therefore not the merchant. The credit card processor covers its costs by assessing a “convenience fee” to taxpayers using this system. The caller will be advised of the amount of this fee.

Can't Pay in Full?

Taxpayers who **cannot pay the full amount owed by April 15, 2005**, may wish to request an installment agreement. This can be done by completing Form 9465, **INSTALLMENT AGREEMENT REQUEST**, which is generated by your software. Form 9465 can be *e-filed* along with the tax return—or separately, as an electronically transmitted document.

If the amount owed is no more than \$25,000 and can be paid off within five years, the taxpayer can find out how long their proposed payments would last by accessing the “Interactive Installment Payment Process” link on the “Tax Info for You” section of the IRS Web site at **www.irs.gov**.

Note: The Web site does not store or transmit any personal data.

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2005 e-file Refund Cycle Chart...



Transmitted and accepted (by Noon) between:	Direct Deposit Sent*	Paper Check Mailed*
Jan 14 and Jan 20	Jan 28	Feb 4
Jan 20 and Jan 27	Feb 4	Feb 11
Jan 27 and Feb 3	Feb 11	Feb 18
Feb 3 and Feb 10	Feb 18	Feb 25
Feb 10 and Feb 17	Feb 25	Mar 4
Feb 17 and Feb 24	Mar 4	Mar 11
Feb 24 and Mar 3	Mar 11	Mar 18
Mar 3 and Mar 10	Mar 18	Mar 25
Mar 10 and Mar 17	Mar 25	Apr 1
Mar 17 and Mar 24	Apr 1	Apr 8
Mar 24 and Mar 31	Apr 8	Apr 15
Mar 31 and Apr 7	Apr 15	Apr 22
Apr 7 and Apr 14	Apr 22	Apr 29
Apr 14 and Apr 21	Apr 29	May 6
Apr 21 and Apr 28	May 6	May 13
Apr 28 and May 5	May 13	May 20

- The IRS does not guarantee a specific date that a refund will be deposited into a taxpayer's financial institution account or mailed.
- Refund cycles for May 5 through Oct 20 can be found in Pub 1345A.

Contact Information for Volunteers

TaxWise

TaxWise Volunteer Support
TaxWise Toll-Free Transmission
TaxWise via E-Mail
TaxWise Website

1-800-411-6391 (do not give to the public)
1-800-829-5945
customer.support@taxwise.com
www.taxwise.com

Internal Revenue Service

VITA/TCE Hotline (for volunteer use only)
IRS e-file Help Desk (resolving rejected returns)
IRS e-file Application Help Desk
IRS Toll Free Assistance
Foreign Student/Scholar Issues
or to e-mail a question

1-800-829-8482 (800-TAX-VITA)
1-866-255-0654
1-866-255-0654 (Andover)
1-800-829-1040
1-215-516-2000 (not toll-free)
www.irs.gov/taxlaw - select
alien issues
1-800-829-3676

IRS Forms & Publications
IRS SPEC Territory Office
IRS Website

www.irs.gov

State Department of Revenue

State Volunteer Hotline
State e-file Help Desk
State General Information
State Tax Forms Distribution Center
State Website

Contact Information for Taxpayers

Tax Information and Assistance for Individuals	1-800-829-1040
Recorded Tax and Refund Information	1-800-829-1954
Where's My Refund Website	www.irs.gov
IRS Forms & Publications	1-800-829-3676
IRS Taxpayer Advocate	1-877-777-4778
IRS Tax-Help for Deaf (TDD)	1-800-829-4059
IRS Tele-Tax Information Line	1-800-829-4477
Extension to File Tele-File System	1-888-796-1074
Social Security Administration	1-800-772-1213

QUALITY REVIEW CHECKLIST

- ☐ Name and Social Security number of taxpayer (spouse)
- ☐ Address correct
- ☐ Presidential box checked
- ☐ Filing status
- ☐ Names, birth-dates and Social Security numbers for each dependent
- ☐ Correct information transferred from Form W-2 (Employer ID, income, Advance EITC, Dependent Care Benefits, and any other fields filled out)
- ☐ Correct information transferred from Forms 1099
- ☐ Interest income correct
- ☐ Social Security income entered correctly
- ☐ Tax withheld agrees with Forms W-2 and/or Forms 1099
- ☐ Direct deposit information correct
- ☐ State return correct
- ☐ Are Forms 8453 signed?
- ☐ Copies of Forms W-2 attached
- ☐ Site Identification number annotated